Daily Report

Latin America

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Central American Presidents Hold News Conference

PA0610235895 San Salvador Radio Cadena YSU in Spanish 2305 GMT 5 Oct 95

[News conference with Salvadoran President Armando Calderon Sol and Honduran President Carlos Roberto Reina by foreign and domestic reporters at the Tesoro Beach Hotel in El Salvador's Costa del Sol on 5 October; broadcast in progress — live relay]

[FBIS Translated Excerpt] [Calderon Sol] ...definition of the United States toward this problem of the parity system Central America is seeking. We hope to see a positive action on the part of the U.S. Congress, as stated on the documents you will receive which were signed by the presidents of the region.

Additionally, we signed a letter to support the group of coffee-producing countries, since coffee prices have become depressed in recent days. We hope this will only be temporary and that coffee prices bounce back. Countries such as Costa Rica, Nicaragua, Honduras, and El Salvador have stated their clear support for the coffee-producing countries, which want to bring order to the international market.

In addition, we Central American presidents have signed a declaration regarding the peace process in Guatemala, in which the presidential candidates of the Republic of Guatemala are urged to make a commitment to peace in the region. We also urged the presidential candidate who gets elected in the upcoming elections in Guatemala to commit himself to working for peace and the agreements reached. In addition, I was designated secretary of the summits for the time being. My mission will be to take steps before the United Nations and the group of countries who are friends of the Guatemalan peace process, so they evaluate and adopt measures to expedite negotiations aimed at signing a peace accord in Guatemala as soon as possible.

We are very thankful for this designation and this act of confidence on the part of Central American presidents. We have accepted this task with great honor and pleasure in order to be able to take the aforementioned steps before countries that are friends of the Guatemalan process and the UN secretary general. We want to find ways to expedite the Guatemalan peace process. This has been a declaration also made here today in Costa del Sol.

Gentlemen journalists, I now want to put any of the Central American presidents at your disposal to answer your questions. Thank you, very much.

[Unidentified moderator] Thank you, Mr. President. Carlos Mario Marquez of AFP.

[Marquez] President Calderon Sol, regarding the development of the Alliance for... [pauses] Alides [Alliance for Sustainable Development], what periods have been set to obtain financial aid?

[Calderon Sol] Could you repeat the question?

[Marquez] When will you hope to receive that aid for the Alides, given that you are the next spokesman of the presidents' summit?

[Calderon Sol] Listen, this question has been made several times. In reality, no exact financing exists for the Alides for Central America. This is part of an action and a set of actions that Central American governments have pledged to undertake, seeking individual and collective financing to implement these initiatives. In other words, I am unable to specify an amount, because we pursue the development and welfare of all Central American peoples. There is no ceiling for this.

[Moderator] Elmer Gomez of NOTIMEX news agency.

[Gomez] Good afternoon, Messrs. Presidents. I would like to know what will be your position in the next meeting you will hold with the prime minister of Canada to discuss Central America's incorporation into NAFTA and your position in the face of the commemoration of the 50th anniversary of the United Nations.

[Calderon Sol] Well regarding Canada, we can tell you we have talked broadly with Central American presidents, and we all agreed to visit Canada and make a joint proposal. We want to seek a parity system with Canada to open that market to the Central American region. We are also waging this struggle with Canada and the United States.

We hope to have Canada's understanding towards an opening. Additionally, we hope to have financing for ecological programs, because Canada has a clear consciousness on this issue of ecology and environmental issues. In this regard, we hope to receive cooperation and collaboration from Canada.

We also want to promote private Canadian investment in the Central American region. We hope to have that cooperation from the Canadian private sector in Central America and the technological aid in different areas, because Canada is a developed nation.

This is what I can tell you, and any Central American colleague may further comment in this regard.

[Moderator] Marta Ibarra of EL DIARIO DE HOY.

[Ibarra] Good afternoon, Mr. President. Regarding the financing, I would like to know if you are going to

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present a proposal on education to the upcoming Bariloche summit. I would like to know if you are going to ask foreign cooperation from international organizations, from the Spanish Government, for instance. Could you give us an estimated cost of all these projects, as well as of the commitments renovated today in the Alides?

[Calderon Sol] Listen, we don't have concrete projects based on direct evaluations or amounts of money to be requested in the form of cooperation from Spain or Ibero-America. We believe that Ibero-America can provide to us a great deal of technical cooperation, which is not quantifiable in terms of money. We have not quantified it. We believe there are very good experiences across Ibero-America regarding education and cultural actions, to which we may have access.

We also seek the participation of Ibero-American countries, as we have received the participation of Argentina, and we hope to receive the participation of Colombia, Spain, and Portugal, as extraregional partners to the Central American Bank. This may enrich and strengthen the Central American Bank, and we hope to invite these countries at the Ibero-American summit as extraregional partners.

In addition, we are going to state our position regarding education and our attempts to improve our education. We have said we are going to face illiteracy head-on. We are going to bring literacy to all of our Central American population, which is an objective we hope to fulfill by the year 2000. And we also want to improve the standards of living and equality of opportunities across the region.

[Moderator] Lizardo Rivas of newspaper LA NOTICIA will take the next question.

[Rivas] Good afternoon, Mr. President. I would like to make a question outside of this activity but of national interest. In a video broadcast yesterday on a television channel regarding...

[Calderon Sol, interrupting] Excuse me. Regarding national questions, I will be happy to answer them at a later time. Out of respect for the presidents of the region, I would prefer that we conclude the news conference today with Central American issues, and I will be happy to answer questions on national issues later. But I believe that out of respect for the presidents of the region, we must stick to Central American issues. [passage omitted]

[Moderator] Milagro Vallecillos of "Up-To-Date Newscast" will take the next question.

[Vallecillos] Good afternoon. My question goes specifically to the president of Honduras. This afternoon, President Reina, your foreign minister spoke about the situation of the Honduran citizenship for Salvadorans. He said that if Salvadorans did not accept this citizenship, they would have to face the consequences. We now ask you, what consequences was your foreign minister talking about? Don't you consider that this position may generate tension or a conflict between both nations?

[Reina] Miss, I will be happy to answer your question. The execution of the ruling issued by the International Court of Justice is being carried out by the corresponding commissions, under the best auspices. Brotherly peoples, of a Morazanist and Central American peoples, must expedite this process. On one hand, they must demarcate a border and, on the other hand, they should scrupulously respect the human rights, the acquired rights. This will allow peace and tranquillity to become the permanent rules governing in this region.

The problem of the citizenship has been mishandled. There is a protocol draft which will soon be made public. And it will resolve this type of situation so that no one is adversely affected, so that a juridical situation derived from an international ruling does not undermine citizenship or acquired rights and, in general, so that it does not undermine human rights from residents. These people were in an area on which the Court made a decision. This includes both Salvadorans who are now in Honduran territory and Hondurans who are in Salvadoran territory. This will be corrected promptly so that these peoples can never again have border tension.

[Moderator] Carlos Dominguez of Megavision will take the next question.

[Dominguez] Good afternoon, Messrs. Presidents. My question is also aimed at President Carlos Roberto Reina. If there is a manifest determination to resolve the situation of the former residents living in the formerly disputed pockets, there are still between Honduras and El Salvador some incidents which should not occur. For instance, the interior minister of our country regretted that Honduran authorities did not cooperate in allowing the transfer by land of 81 illegal aliens who were arrested here last week. He also lamented that this was not arranged with his Honduran counterpart, and even hinted at the possibility you may transport them directly. Why if there is rapprochement at the executive level to resolve problems, why doesn't the same occur at other levels, Mr. President?

[Reina] The rapprochement takes place at all levels. The problem is that there is a very dangerous trafficking of illegal aliens. It is one of the phenomena of our time. There is more money in here than in drug trafficking.

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The case was presented to me and I immediately decided they can travel through Honduran territory, provided that their immediate departure be guaranteed.

There was an impasse resulting from the doubt the illegal aliens may have stayed in our territory. And the illegal aliens and violence are causing problems for us. We are in the middle of a process of convergence to strengthen the state of law, to modernize the state. And we are doing all this in the most correct and expeditious manner. But obviously, a number of illegal aliens joining our population may have caused problems. I have authorized their simple transit and when I get to Honduras, I will ratify this so they can depart Honduran territory.

[Moderator] And the last question will be asked by...

[Calderon Sol, interrupting] Excuse me. I want to state here before President Reina our gratitude for his valuable participation. I believe that Honduras had and it has every right to defend its rights, and to make sure those illegal aliens not be stranded on Honduran territory. This is what Honduran officials wanted to do. And they had this moral obligation to preserve and see to it that these illegal aliens not be stranded on Honduran territory, which is what happened. But thanks to the intervention of President Reina and the understanding of Honduran officials, this problem has been overcome.

I repeat, it was normal and commonplace for them to make sure the aliens would leave, to which they are absolutely entitled. I believe that there is an understanding with Honduras, as never existed before. We have taken clear steps in the Binational Commission in search of the best solution for two brotherly peoples, like Honduras and El Salvador.

[Moderator] Raul Monge of Cadena Radio Centro will ask the last question.

[Monge] Good afternoon, Messrs. Presidents. This question is addressed to Presidents Ramiro De Leon Carpio and Dr. Armando Calderon Sol, and to any other president who might like to participate. My question is whether you have given thought to a relationship with Cuba at a government level, in view of the fact that some businessmen, at least in El Salvador, have said they have decided to conduct business with Cuba.

[De Leon Carpio] At this moment, in our case, no decision has been made at a government level. However, businessmen are completely free to participate in trade with Cuba. I believe that today there is a trade relationship from North to South America. There is investment in Cuba, including investments by North American companies. In our case, there are businessmen who are making the corresponding contacts and visit. Let us say, there is vision toward the future. A vision of a trade relationship with the entire Caribbean area — which, of course, includes Cuba — on a free market level, a competitive level, which is visualized throughout the hemisphere. Regarding the position of the government, on that issue there is no position taken in that regard. However, there is absolute freedom in Guatemala to trade with Cuba, as indeed is occurring.

[Calderon Sol] Likewise, El Salvador respects the decision of its businessmen, who are free to invest Cuba. Each and every one who wants to is free to invest in Cuba. However, we have stated very clearly that we shall not establish diplomatic relationship until we see a change in attitude in Cuba regarding respect for political and human rights. We believe that Commander Castro, who has become the dean of dictators, has to show clear and palpable proof of change is this regard, because El Salvador was also a victim of Cuban diplomatic and interventionist action in our country's internal affairs in the recent past. I believe once the Cold War ended, since Cuba was also instrumental in the Cold War, we have the right and obligation to state our position clearly and tell Castro what we believe, what we expect: a change in Cuba's attitude toward freedom, democracy, and respect for human rights.

[Moderator] Thank you very much, this is the conclusion of the conference. The presidents have to board their planes in a few moments. We thank you for your understanding [end recording]

Central American Leaders Seek NAFTA-Like Conditions

PA0710033295 Panama City ACAN in Spanish 1201 GMT 6 Oct 95

[By Cristina Hasbun de Merino]

[FBIS Translated Text] San Salvador, 6 Oct (ACAN-EFE) — In El Salvador, the Central American presidents agreed to unleash a diplomatic offensive to attain commercial conditions similar to those of Mexico in NAFTA, in particular with the United States.

At the close of a special meeting held at a hotel on the Pacific Coast yesterday, the presidents reported that they will address a letter to their U.S. colleague, Bill Clinton, asking him to define his position on the approval of a parity system with NAFTA, an agreement between the United States, Canada, and Mexico.

The U.S. Congress will debate this matter on 9 October. For this reason, Salvadoran President Armando Calderon Sol said, it was agreed to tell Clinton about "the need for a U.S. position definition" on the effects

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on regional industry of the tariff advantages with which Mexican products enter the U.S. market.

Honduran Foreign Minister Delmer Urbizo Panting said this situation "is very worrisome," because if parity with NAFTA fails to be attained, the Central American countries' economies will be seriously affected at a time when economic growth is being sought.

During the meeting, the presidents received "in special audience" delegates of the Central American, Panamanian, and Caribbean Textile Industry Council, who requested the presidents' mediation with Clinton in relation to the closing down of a hundred textile enterprises in the region, a closure that has affected thousands of workers.

The Council reported that many foreign investors have moved to the Mexico-U.S. border because of lower production costs for enterprises.

Commenting on this situation, Calderon Sol said: "We need to carry out direct negotiations to speed up the parity system, which can open industry's doors in the area." He added that the presidents expect a "positive" reply from the U.S. Congress, which is the body that can approve the tariff parity for these countries in the budget bill for the next fiscal year.

The area presidents will meet on 27 October with Canadian Prime Minister Jean Chretien, to whom they will also propose preferential commercial treatment for the region, as well as his mediation with the United States to attain parity in NAFTA. In addition, the presidents want Canada to become a member of their Alliance for Sustainable Development in the region and will meet with Canadian private enterprise representatives in an effort to get them to invest in the area.

In a joint statement released at the end of the meeting, the presidents said they will stimulate this alliance in specific areas, such as political, economic, social, cultural, and environmental. For this, they will draft a verification schedule at the next regional summit that will take place in San Pedro Sula, Honduras, in November.

In addition, the presidents defined common positions regarding coming international forums, including the 5th Ibero-American Summit, to be held in Bariloche, Argentina, and the 50th UN General Assembly. In this regard, they agreed to request assistance from the Ibero-American community to launch a "full literacy" program in the region before the year 2,000 with a booklet that promotes "spirit, unity, values, and Central American identity, respecting the racial and cultural reality of each society."

The Central American presidents also favored speeding up peace negotiations in Guatemala and appointed Calderon Sol delegate to negotiate at the United Nations and "friendly countries" which favor the Guatemalan peace process to take measures for this purpose.

Send Letter to Clinton on NAFTA

PA0710232295 San Salvador EL DIARIO DE HOY in Spanish 7 Oct 95 p 11

[Report by Ismael Beltran-Solano]

[FBIS Translated Text] Central American presidents have sent a letter to U.S. President Bill Clinton asking him to do all he can to give NAFTA parity to the countries of the region, especially the textile industry. This will allow this industry to enjoy the same advantages Mexico has.

Engineer Francisco Escobar Thompson, president of the Salvadoran Association of Manufacturing Industry [ASIC], and other businessmen from the Caribbean and Central America met Thursday with the presidents and explained to them the critical situation this sector is confronting.

Presidents Armando Calderon Sol of El Salvador, Ramiro De Leon Carpio of Guatemala, Carlos Roberto Reina of Honduras, Violeta de Chamorro of Nicaragua, and Jose Maria Figueres of Costa Rica, met on Thursday in a hotel on the Salvadoran coast to analyze the agenda that the region will present at the upcoming hemispheric summit in Argentina.

The industrialists highlighted the steps the presidents may take before the Clinton administration, given that the issue of textiles may be discussed in two weeks.

Parity Is a Matter of Life or Death

"The parity of NAFTA is a matter of life or death for the manufacturing industry," Escobar Thompson said yesterday morning during the seminar "Recent Evolution of U.S. Commercial Policy Toward the Region."

Given the advantages Mexico has, many assembly plants that operated in Central America have moved to Mexico. Just in recent months, 107 assembly plants in the region have shut down, leaving more than 40,000 people jobless. Approximately 530,000 Central Americans depend directly on the assembly plant industry and an additional 2.5 million people depend on them. Consequently, 8 percent of the Central Americans make their living from the assembly plant industry.

In El Salvador, eight factories have closed down in the last six weeks. A succinct survey done recently by ASIC has revealed that half of the factories are operating

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at under 50 percent of their capacity and only seven businesses are working at full speed.

According to Escobar Thompson, all this has been caused by the lack of parity with the NAFTA (between Mexico, the United States, and Canada) and the inability to introduce textiles into the United States free of tax and duties, as Mexico does.

The industrialists expect that President Clinton can move ahead and ask Congress and the Senate for parity with the region, because Clinton made this promise to Central America and the region needs it to continue being a strong commercial partner of the United States.

He said that Central America is the tenth largest commercial partner of the United States and is one of the few regions of the world with which it maintains a positive commercial balance.

Salvadoran textile exports in 1994 totaled $420 million, including $170 million of value added.

At least 65,000 workers, mostly women, were employed by the assembly plant industry before the offensive unleashed against that industry by a small group of union hotheads.

Central American Unity Necessary

For Isaac Cohen, director of the Economic Commission for Latin America [ECLA] in Washington, Central American countries must become integrated and negotiate together, because individually they represent very small markets.

For instance, he stated that the creation of the Northern Triangle (Guatemala, El Salvador, and Honduras) reflects a rift, because they have been unable to form a single bloc. He also mentioned the treaty signed between Costa Rica and Mexico and the negotiations Nicaragua is holding with that northern country. Cohen recalled that the initial idea of Mexico was to have a treaty with the entire region and not individually.

Deputy Economy Minister Rene Leon described the great effort the government and the private sector have made to achieve parity with NAFTA. But he also remarked that the businessmen should seek different options, whether parity is approved or not.

He mentioned, for example, the importance of Canada as a market, which is already being exploited by Costa Rica and Jamaica and to which El Salvador may gain access.

The official also mentioned the reforms to the Law of Free Zones and Special Fiscal Areas, which is at the Presidential House ready to be forwarded to the Legislative Assembly.

Priorities Listed

Economist Oscar Melhado, a contributer to the Economy and Business section of the paper, stressed that the priority on the government's and industrialists' agenda must first be to try to achieve parity with NAFTA, then to perfect the Central American market, and later to think about the hemispheric market.

He also highlighted that the struggle to achieve parity must not rest solely "on the heroic efforts Deputy Minister Leon and Eng. Escobar Thompson are making," but it must be part of a national agenda given the high economic interests of the country that are at stake.

Caribbean Association Secretary Opposes Helms-Burton Bill

PA0910200195 Havana PRENSA LATINA in Spanish 0243 GMT 6 Oct 95

[By Luis Manuel Arce]

[FBIS Translated Text] Caracas, 6 Oct (PL) — Simon Molina Duarte, secretary general of the Association of Caribbean States (AEC), today expressed opposition against the Helms-Burton bill, which seeks to intensify the U.S. blockade against Cuba, saying such measures belong to the past.

In an exclusive interview with PRENSA LATINA, the AEC secretary general, who will soon leave for Port of Spain, Trinidad and Tobago, to open the AEC headquarters, said: "I do not agree with this type of measure to deal with a conceptual problem, a problem of principles."

He added: I do not know any international, regional, subregional or Caribbean organization that has expressed agreement with that bill or with the blockade, either in the United Nations or even in the OAS.

I also do not believe any country, any government in the world would allow others to legislate for it, Molina Duarte said, denouncing the extraterritorial nature of the bill.

The only exception justifying the implementation of a blockade is when there is concrete evidence that world peace is in danger, but in Cuba's case, I do not see any reason for any country to unilaterally decide such a measure, he added.

Expanding on the issue and commenting on the U.S. position on Cuba, Molina asked: Doesn't the United States have diplomatic and trade relations with Vietnam, China, and countries of all trade blocs?

Some day—and I believe sooner rather than later—when the bilateral problems between the two countries

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are solved and they agree on the points on their respective agendas, Cuba will be a country that will trade with Puerto Rico and the Florida peninsula; thus, I repeat, even though I do not have the text of the bill, I do not agree with the blockade, because it forms part of a phase that has been surpassed in international political and economic relations and is not in keeping with the new era that has begun with the end of the Cold War.

Ministers From Ecuador, Peru Hold Talks in Brasilia

Nations To Begin Direct Talks on Border

PY0710010895 Quito Voz de los Andes in Spanish 2300 GMT 6 Oct 95

[FBIS Translated Text] The Ecuadoran and Peruvian deputy foreign ministers reported today in Brasilia that Ecuador and Peru will begin direct talks to establish procedures that will allow them to solve their remaining differences regarding the border situation.

In a statement signed with the guarantors countries of the 1942 Rio de Janeiro Protocol — Argentina, Brazil, Chile, and the United States — they added that the first meeting will take place in Lima on 6 January 1996 during a visit by the Ecuadoran foreign minister to Lima.

The document, signed at the end of a two-day meeting in Brasilia, was termed the most important since the Itamaraty Peace Declaration signed in February by Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordoba and his Peruvian counterpart, Jorge Voto Bernales.

The peace declaration ended the armed clashes reported in the border area since January 1995, involving an area of the distant Condor mountains not delimited by the 1942 Rio de Janeiro Protocol, which had resolved a war between the two countries.

According to the document signed today at the Brazilian Foreign Ministry, the initial talks seeking to establish procedures for talks on the so-called "prevailing impasses" between the two countries comply with the current climate of relaxation and gradual normalization of relations.

The beginning of these talks is provided for by the Itamaraty Peace Declaration signed in February 1995, which established full compliance with its provisions of a cease-fire, separation of forces, demilitarization, deployment of a mission of observers from the guarantor countries, and the creation of a climate of relaxation.

The guarantor countries and the two parties expressed their satisfaction over the success achieved thus far in the implementation of the peace process and the gradual reestablishment of a climate of normalcy and harmony in Ecuadoran-Peruvian relations, the document signed today states.

Peru Minister: Meeting 'Extremely Positive'

PY0710012395 Madrid EFE in Spanish 2332 GMT 6 Oct 95

[FBIS Translated Text] Lima, 6 Oct (EFE) — Peruvian Foreign Minister Francisco Tudela today asserted that his country is assessing the situation of the people missing as a result of the conflict with Ecuador early this year on the Amazon border.

Tudela said this subject is not included in the agenda of the Peruvian and Ecuadoran foreign ministers' meeting scheduled for the first half of January in Lima, but said that Peru "is permanently aware of this problem."

Tudela termed as "extremely positive" the meeting that ended in Brasilia today between Peruvian Deputy Foreign Minister Jorge Voto- Bernales Gatica and his Ecuadoran counterpart, Marcelo Fernandez de Cordova. The meeting was also attended by representatives of the guarantor countries of the 1942 Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States.)

He said: "During this meeting it was noted how well the mechanisms implemented after the Itamaraty Peace Declaration was signed are working. No sort of obstacle has been detected during the negotiations process."

During the meeting the two deputy foreign ministers reaffirmed their respective governments' commitment to avoid new armed clashes or any other type of conflict in the Amazon border region between the two countries.

Tudela said that during the second week of January he will meet with his Ecuadoran counterpart, Galo Leoro, to discuss the "modus operandi" of the peace-seeking process, as established in the Itamaraty declaration signed on 28 February at the Brazilian Foreign Ministry.

He said that "this is the first bilateral meeting to determine how the key problem will be tackled."

Regarding the clearing of mines on the border with Ecuador, the minister said that the Ecuadoran Government has fulfilled, "to a certain extent," the agreement reached in the international agenda.

The Peruvian foreign minister asserted that the current domestic crisis Ecuador is experiencing does not affect the peace-seeking process with Peru, because "the domestic situation each country is experiencing is something that concerns their respective governments alone."

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"Our country acts in a decided manner, fulfilling the international commitments such as the Itamaraty Peace Declaration," Tudela said, after reiterating that the recent armed incidents on the border "are isolated incidents staged by subordinates who act on their own account."

Moreover, he said that while the French nuclear tests in Mururoa Atoll continue, Peru has decided not to accredit its ambassador to Paris.

Future Talks, Observer Mission Viewed

PY0710023195 Madrid EFE in Spanish
2135 GMT 6 Oct 95

[FBIS Translated Excerpt] Brasilia, 6 Oct (EFE) — Ecuador and Peru "will start negotiations designed to establish the procedures to tackle the subjects referring to point No. 6 of the Itamaraty Peace Declaration" through their respective foreign ministers at a meeting to be held in January in Lima. [passage omitted]

The two countries also agreed on the need to extend the presence of the Ecuador-Peru Military Observers Mission (MOMEP-II) in the demilitarized zone; the mission was scheduled to end its activities on 20 November.

The declaration signed today points out "the need to avoid the risk of an arms race, with the purpose of not jeopardizing the end of hostilities."

Mention was also made of the progress made in the relationship between the two nations. Peru and Ecuador also noted the importance of Peruvian President Alberto Fujimori's presence in Quito, on the occasion of the Ninth Rio Group Summit in September.

The opening of the border for bilateral trade as well as the announcement of the visit Ecuadoran Foreign Minister Galo Leoro will make to Lima were termed essential for the relaxation process between the two nations.

The "security manual" [cartilla de seguridad] or procedures manual would be a sort of "good conduct certificate" for the armed forces of the two countries, as well as an efficient tool to avoid armed contacts, no matter how isolated they may be, as a prior requirement for a future dialogue without incidents that could hinder it. [passage omitted]

The meeting, which was presided over by Brazilian Deputy Foreign Minister Sebastiao do Rego Barros, was also attended, on behalf of the guarantor countries, by Julio Freyre, charge d'affaires of the Argentine Embassy in Brasilia; Fabio Vio, foreign affairs director of the Chilean Foreign Ministry; and Luigi Einaudi, U.S. State Department special adviser.

Military coordinator Brazilian General Marcello Rufino dos Santos and liaison officers Cesar Duran (Ecuador) and Daniel Mora Cevallos (Peru) also attended the meeting on behalf of the MOMEP.

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Cuba

Reportage, Reaction to Clinton's Policy Announcement

Radio Havana Previews Announcement

PA0610143095 Havana Radio Havana Cuba in Spanish 1300 GMT 6 Oct 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] U.S. Government sources have disclosed that U.S. President Bill Clinton today will announce a series of measures for Cuba. According to the sources, these measures will seek to achieve closer ties with Cubans living on the island, but they do not involve relief regarding the economic blockade the United States imposed on Cuba 30 years ago.

The sources have stated that the measures include the opening of offices of U.S. media in Cuba and vice versa, as well as an increase in the exchange of academicians between the two countries. In addition, these measures will also consider the possibility of U.S. humanitarian groups and nongovernmental organizations sending teams of civilians to Cuba, as well as Cubans living in the United States being allowed to travel to Cuba once a year for humanitarian purposes.

U.S. Secretary of State Warren Christopher has said his country's policy is two-sided: It seeks closer ties with the Cuban people and, contradictorily, seeks to intensify the economic blockade. U.S. officials have admitted the measures could trigger strong controversy in Congress, given the Republicans control it and all they seek is the intensification of the blockade. The House of Representatives recently approved the Helms-Burton bill, which is aimed at bolstering the economic blockade on Cuba. The Senate must examine this bill.

Havana Abstains From 'Immediate' Reaction

PA0610191695 Mexico City NOTIMEX in Spanish 1739 GMT 6 Oct 95

[FBIS Translated Text] Havana, 6 Oct (NOTIMEX) — The Cuban Government today abstained from issuing immediate reaction to U.S. President William Clinton's announcement on lifting certain embargo restrictions against this Caribbean country.

A Foreign Ministry source said today the points in Clinton's speech are "being analyzed." Clinton announced the end to travel restrictions, the forwarding of money, and the exchange of academicians and journalists with Cuba.

In a foreign policy speech, Clinton said the new measures include the strengthening of mechanisms to monitor the economic and trade embargo, which has been in force for three decades, and seek to encourage a "peaceful transition to democracy."

In its first noon newscast, the state run television briefly announced that in a speech on foreign policy, the U.S. President "briefly referred to new aspects of the White House position toward Cuba."

Clinton delivered his speech at the main office of Freedom House, "a nongovernmental U.S. organization that has an open policy against the island's revolutionary government."

Juan Triana, director of the Cuban Center of Economic Studies, said the announcement is "a positive albeit risky step, if it does not include Cuba's interests in academic and scientific exchange."

The Cuban academic expressed regret that Clinton's policy announcement encourages exchange in such areas as culture and sports but no mention is made of technological and scientific areas.

"We will reinforce the application of our embargo to keep up the pressure for reforms, but we will more actively promote democracy and the free flow of ideas," the U.S. President said.

In a commentary broadcast today, prior to Clinton's speech, the state run Agencia de Informacion Nacional criticized the United States' "ultraright merriment" over the recent House of Representatives approval of the Helms-Burton bill to harden the blockade.

"Revolutionary Cuba continues unabated and has beaten every destabilizing contrivance by the North in the face of nine administrations, five Republicans and four Democrats," the news dispatch added.

PRENSA LATINA on Policy 'Persistence'

PA0610193295 Havana PRENSA LATINA in Spanish 1813 GMT 6 Oct 95

[FBIS Translated Text] Washington, D.C., 6 Oct (PL) — The persistence of the U.S. policy against Cuba was reiterated today by President William Clinton, who relaxed some of the recent measures against this country but affirmed the purpose of maintaining the embargo.

In a 42-minute speech in which he underlined U.S. foreign policy and referred briefly to Cuba, Clinton confirmed reports that he has authorized the opening of U.S. media offices in Havana, and will permit more trips to and from Cuba, improve communications, and increase cultural and scientific contacts in the social sphere.

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At a public rally on 26 July, Cuban President Fidel Castro warned that the United States is attempting to subvert the Cuban revolution by nonmilitary means.

The President's announcement at Freedom House, an agency devoted to foreign policy affairs, avoided Cuban demands for Washington to lift the restrictions decreed in August 1994 and obey three consecutive UN General Assembly votes for stopping the embargo, which began 34 years ago.

In May, Washington and Havana signed an immigration agreement that checked the threat of a wave of immigration of undocumented people to the Florida coast. This signing led to considering the possibility of a reduction of tension in bilateral relations.

Clinton did not refer to a bill recently approved by the House of Representatives designed to penalize enterprises that have plans to invest or have interests in Cuba. The bill contemplates indemnification to Cuban citizens who became nationalized U.S. citizens in the past three decades.

The bill, dubbed Helms-Burton for the last names of its originators, a senator and a representative, both members of the Republican Party, is frowned upon by important U.S. allies, including Canada, Great Britain, and the European Union and has been described as illegal for attempting to extend U.S. legislation to the rest of the world.

Government: 'No Significance'

PA0610201695 Mexico City NOTIMEX in Spanish 1922 GMT 6 Oct 95

[FBIS Translated Text] Havana, 6 Oct (NOTIMEX) — The Cuban Government stated today the lifting of restrictions announced by U.S. President William Clinton "has no significance" and said the economic blockade "remains the same."

Foreign Ministry: Nothing 'New'

PA0510214495 Havana PRENSA LATINA in Spanish 2116 GMT 6 Oct 95

[FBIS Translated Text] Havana, 6 Oct (PL) — Today's announcements by U.S. President William Clinton with regard to Cuba do not contribute anything new to the existing situation, the Foreign Ministry [Minrex] said today.

Questioned by PRENSA LATINA, Minrex Spokesman Miguel Alfonso said the measures Clinton listed in his speech are devoid of importance and explained they do not affect the current status of the relations between the two countries.

Alfonso's remarks constituted the first official Minrex reaction to the statement by the U.S. president, who reaffirmed the White House intention of maintaining the economic and commercial blockade on Cuba.

Vice Foreign Minister Comments

PA0610234795 Mexico City NOTIMEX in Spanish 2302 GMT 6 Oct 95

[FBIS Translated Text] Havana, 6 Oct (NOTIMEX) — Cuba considers that the United States should lift its blockade against the island in an "absolute and total way," Foreign Relations Vice Minister Isabel Allende affirmed today.

In the first reaction from a high-ranking Cuban official, Allende reiterated that this is a position of principles of the government of Havana contrary to partial decisions in this regard.

"We continue to support the idea that there should be a total and absolute lifting (of the embargo), not a partial one," said Allende in a brief comment on the speech made this Friday by U.S. President William Clinton.

Speaking to the press, the official refrained from commenting further until she reads the entire text of the statements by the president, who announced the lifting of some restrictions of the three-decade economic and commercial embargo on this Caribbean island.

Shortly before, Foreign Ministry spokesman Miguel Alfonso had told NOTIMEX that Clinton's announcement "lacks importance for us" because "the blockade remains unchanged and the intention to tighten it has been announced."

In a speech on foreign policy at the Freedom House, Clinton announced contacts with nongovernmental organizations, academic and religious exchanges, and the opening of press offices of his country in Havana, among other measures.

Meanwhile, Eloy Valdes, director of the Center of European Studies, told NOTIMEX that no citizen from any country may accept that the government from another country adopts measures that in the long-term are aimed at undermining national political stability.

Academician Jose A. Tabares, professor at the Latin American School of Social Sciences of Havana University, stated that this policy of Clinton's is aimed at increasing the influence of U.S. thought on the island.

However, he said that Cuban researchers and academicians are not afraid and are prepared for the exchange that is proposed because "we have enough convictions and arguments" for dialogue, which "reactionary sectors" from the United States opposed in the past.

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Alarcon: U.S. Must 'Clarify' Statement

PA0610235595 Havana PRENSA LATINA in Spanish 2312 GMT 6 Oct 95

[FBIS Translated Text] Havana, 6 Oct (PL) — Ricardo Alarcon, president of the Cuban Parliament, has stated that if the United States is really interested in the well-being of the Cuban people, as President William Clinton claimed today, the first thing it must do is to get rid of the whip that the blockade represents to that people.

Alarcon, who heads the island's delegation to the Cuba-United States migration talks, noted that the United States must clarify what has been announced, because the statements made by State Department spokesman Nicholas Burns after the presidential address have created confusion.

Alarcon told the media that, in his message, Clinton spoke about opening more travel opportunities for Cuban-Americans, but cautioned that this would be for cases of emergencies of a humanitarian nature, a term that is not very clear.

Alarcon recalled that Cubans who reside in the United States are the only foreigners who have residence in that country and who are prohibited from freely traveling to their country of birth and to economically help their relatives, something that is completely discriminatory.

Regarding an alleged exchange of press offices between the two countries, Alarcon said that almost all the western agencies are represented in Cuba, and there are many journalists from those agencies permanently installed in the country.

Cuba is prepared, as always, to receive requests from news agencies that express a desire to cover Cuban territory, but this is a matter to be resolved between those enterprises and the Cuban authorities.

Alarcon Views New U.S. Measures

PA0710004495 Havana Radio Rebelde Network in Spanish 2300 GMT 6 Oct 95

[From the "Exclusive" newscast]

[FBIS Translated Text] [Announcer] With us here in the transmission booth are journalists Gisela Bell Heredia with exclusive statements for the "Exclusive" newscast from Cuban parliament president Ricardo Alarcon de Quesada on the speech by U.S. President William Clinton and the focus given, as I said, by the U.S. press. Gisela?

[Heredia] Greetings.

[Announcer] Greetings.

[Heredia] Cuban parliament president Ricardo Alarcon de Quesada, as you said, has commented on the campaign orchestrated by certain U.S. media sources on the speech by U.S. President Bill Clinton, who among other issues, made reference to Cuba only in three words, as Alarcon said a while ago when he spoke with us.

[Begin Alarcon recording] I think that what they must have done long ago is simply put an end to the restrictions of 20 August 1994. They should have the great courage to do the same thing Reagan and Bush did, namely to allow the travel of Cubans and the forwarding of remittances to relatives without so many complications and restrictions on extreme humanitarian emergencies, etc., etc. With this, they would not be compromising anything. The only thing they would have to do is leave things as they were before 20 August, when they made such an absurd decision.

This is not here. They have not yet had the courage to do this, which is basic. The day they do this, they would be partly eliminating a form of discrimination only Cuban-origin individuals suffer. In the United States, U.S. citizens of Irish origin are not asked if their mother is very ill to allow them to travel to Ireland; U.S. citizens of Italian origin are not asked there how much money they should send to their relatives in Naples. This is something that depends exclusively on the individual, and the United States is the Tower of Babel. There are people from all over the world living there. But restrictions were imposed on Cubans only, and to top it all off, those restrictions were tightened by Clinton on 20 August, by reducing them only in strictly humanitarian cases. Now they are saying restrictions are being eased, but either I am crazy or to say that only in cases of extreme humanitarian emergency exceptions will be made [words indistinct] in any case, as if it wasn't enough.

That is the first thing they should do. This is easier to do. They should return things to the state they were in one year ago, instead of inventing anything new. But if they want to be a little more creative, they should simply do what everyone is asking them to do and lift the ill-fated blockade. They should put an end to a policy that is harming and undermining the rights of all Cubans, of all Cuban society, civilian and political society, everyone alike. If they did this, the only thing they would be doing is joining the idea of the immense majority of humankind. [end recording]

[Heredia] These are segments of the conversation Alarcon held a few minutes ago, and I believe that before the "Exclusive" newscast ends, we may present another segment of this long conversation Alarcon held with a small group of journalists.

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[Announcer] Okay. We will hear some more in the next half hour. [station break]

[Hereida] In his remarks to local and foreign reporters, Alarcon analyzed the true meaning of this alleged humanitarian aid through nongovernment organizations.

[Begin Alarcon recording] I think the [word indistinct] spirit of the U.S. authorities has not reached this extreme of thinking that we are going to let them do, in an even more open fashion, something they have always been, something that is contained in their own budget, something we know that they do, which is to finance and provide material support to those groups in Cuban society that are at their service. (?Do they) imagine we are going to hail that announcement?

We simply have to say that we reject it. What Clinton and his advisers must find out is that Cuba is an independent and sovereign country, and they do not make decisions for us [words indistinct] six months ago. In the United States, 1 April is April's Fool Day, not 6 October. Let us leave it that way, and if they plan to repeat [words indistinct], let them [words indistinct] I am not referring to what President Clinton said, since he almost did not say anything. I am referring [chuckles] to the document the U.S. Department of State released later on what would be the much-vaunted package of steps they would be ready to .... [sentence ends in progress as heard] [end recording]

[Heredia] During that meeting with reporters, Alarcon also commented on the presence of international media, and mentioned that some are saying that REUTERS could operate in Cuba, but we all know that this agency has been here for a long time. Other international agencies work here and have close ties to different Cuban organizations and entities and work without any problem. The U.S. Department of State document mentions that.

[Announcer] In sum they have reinvented the wheel.

[Heredia] Exactly, there is nothing new in President Bill Clinton's brief remarks on Cuba.

Alarcon Urges End to 'Punitive Measures'

PA0710151195 Havana PRENSA LATINA in Spanish 1112 GMT 7 Oct 95

[By Javier Rodriguez]

[FBIS Translated Text] Havana, 7 Oct (PL) — U.S. policy toward Cuba has not registered any change following the announcement made by U.S. President William Clinton, said Ricardo Alarcon, president of the National Assembly of the People's Government, in this capital.

In an interview with a group of local and foreign reporters yesterday, Alarcon said the U.S. Administration should end the economic and commercial blockade of the island and thus join the point of view shared by the majority of mankind.

He noted that Nicholas Burns, State Department spokesman, held a news conference following Clinton's televised address yesterday morning, when he spoke about the adoption of several measures allegedly designed to change U.S. policy toward Cuba. Alarcon described it as being filled with inconsistencies and lies and considered it as some sort of joke, during which he demonstrated his total ignorance of the Cuban situation.

At that point, a document was presented limiting the travel of people of Cuban origin living in the United States to their native country to cases of extreme, humanitarian emergencies. The document also announced an increase in personnel of the Treasury Department, which is responsible for compliance with the restrictions of the blockade.

The United States has not made any rational and logical moves, a point which seems to reflect its ineptitude or inability to change the current policy, he added.

Alarcon said the other measures were references to exchanges or possible material aid assigned to those groups on the island trying to harm the revolution.

Clinton noted only three points, but his information apparatus went too far, and that was not a good joke at all, he said.

Answering a question, he said all of this also reflects, perhaps, internal contradictions, because even Clinton's speech triggered several adverse reactions from ultra-conservative elements. "Perhaps that explains certain changes and inconsistencies reflected by the very announcement the president made," he said.

He demanded that the United States end the punitive measures against Cuba adopted by Washington on 20 August 1994 and allow travel to Cuba by Cubans living in the United States as well as remittances to their relatives.

They have not dared to do this yet, and the day they do it they would be eliminating a discrimination only Cubans suffer in that country, he said.

Alarcon denied the U.S. Government has anything to do with the authorization of U.S. journalists to work in Cuba, because that is a prerogative of the Cuban authorities in their direct relations with media companies of any nationality.

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Finally, he condemned the announcement of presumed donations to groups that oppose the revolutionary process, because "what the White House must do is become aware of Cuba's sovereignty and independence."

Radio Cites Alarcon's CNN Interview

PA0710034095 Havana Radio Havana Cuba in Spanish 0000 GMT 7 Oct 95

[Pedro Manuel Otero report on "exclusive interview granted to CNN" by Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government of Cuba — from the "Evening Information Review" newscast]

[FBIS Translated Text] This Friday, U.S. President Bill Clinton gave a speech in Washington announcing his position in support of the blockade of Cuba, but also announced a series of measures aimed at what he termed achieving new strategic aims in relation to our country. Several hours later, the U.S. television network CNN interviewed Ricardo Alarcon, president of the Assembly of the People's Government [ANPP], regarding this announcement, the content of which was expanded in what is known as a presidential order of the White House. The measure provides for more academic exchanges between the two countries and the establishment of press offices in Havana and Washington. In the same manner, other measures of social and financial aspects were announced. Alarcon termed the announcement confusing, because in his opinion other provisions are required.

[Begin recording] [Unidentified reporter] A few minutes ago we interviewed Ricardo Alarcon, president of the ANPP and former foreign minister. First of all, we asked him if the measures were good or bad news for Cuba.

[Alarcon] [Words indistinct] to label what is being announced. The document that appeared in Washington after the president spoke emphasizes measures to tighten the blockade, to increase the personnel of control offices in Miami and Washington, etc., etc. There are things that would have to be cleared up. Apparently it would permit some Cuban-Americans to travel to Cuba. But they employ this phrase: in case of an extreme humanitarian case. Thus far, they have authorized travel for humanitarian reasons. What does a strong phrase such as this mean? It gives the impression that it is much [words indistinct].

[Reporter] Mr. Alarcon, regarding the restrictions of money transfers to Cuba, is this not good news for your government, since it will permit the arrival of several dollars [word indistinct] to arrive in the island?

[Alarcon] They know that many Cuban-Americans have been sending their families money through the channels they have found available, despite the U.S. prohibition. It seems to me that what the Clinton administration seeks through this is to try to resolve the problems they themselves created with their prohibition. But let me tell you something, people of Cuban origin are the only residents of the United States who do not have the capability of communicating with their relatives any time they want to, who cannot travel to their country of origin, who cannot send money to their family, except under strict federal controls. That is a very discriminatory situation and the announcement made now far from eliminates it.

[Reporter] About the announcement to grant permits so that U.S. news agencies can open offices in Havana, what is the response of your government? What agencies will be given permission to open offices in your country?

[Alarcon] Hundreds of U.S. reporters have been working here for months and years, not to mention that there are in our country — although the State Department was not aware of it, as it appeared to not know anything about it today — representatives of Western news agencies, except for the Associated Press, plus many newspapers of Latin America, etc. What it seems to me is that this is a matter which, as in the past, should be settled between the Cuban authorities, who have always facilitated the presence of U.S. journalists in our country and will continue to do so, and those enterprises. I [word indistinct] that they now seek to present U.S. news agencies, television channels, newspapers, and so forth as if they were instruments of the U.S. policy. [end recording]

In the opinion of people well-versed on the matter, the U.S. President is distancing himself from the Cuban-American mafia of Miami. According to CNN, in his speech today, President Clinton also marked the policy of the White House regarding the anti-Cuban Helms-Burton bill, which if approved by the Congress, the CNN television station believes, would be vetoed by the U.S. Executive. In short, the sources say, it involves the support of the U.S. Administration for Track Two of the Torricelli Law, which seeks to destroy the Cuban revolution through nonviolent means.

GRANMA Views Latest Measures

PA0710164295 Havana PRENSA LATINA in Spanish 1409 GMT 7 Oct 95

[FBIS Translated Text] Havana, 7 Oct (PL) — The latest U.S. measures for Cuba, announced by President

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William Clinton yesterday, confirm the policy Washington has maintained against Havana for more than 30 years, the local media stress today.

In an article entitled "There Is No Change of Policy in New U.S. Measures for Cuba," GRANMA states the U.S. measures are in agreement with the strategy "to weaken and undermine the Cuban Revolution from within."

These measures correspond with the guidelines stipulated by the so- called Track Two of the Torricelli Law, approved in 1992, states a commentary published in one of the paper's inside pages.

GRANMA draws attention to the fact that while the U.S. President was devoting "a few minutes to the topic of Cuba" to announce certain decisions made by his government in this regard, Nicholas Burns, State Department spokesman, reiterated the U.S. position to maintain the commercial, economic, and financial blockade of Cuba.

Regarding the prohibition on Cuban-Americans to travel to Cuba, the announcement that only "travel for humanitarian emergency cases" will be allowed exemplifies that these measures do not indicate an abatement of the sanctions imposed on Cuba, GRANMA states.

According to GRANMA, the rest of the topics pertain to material assistance to antirevolutionary groups operating within Cuba. Thus, it says, "they publicly admit what they have been doing covertly for the past 35 years: providing the material support of the subversive movement."

Concerning family remittances, another announcement, the official mouthpiece of the Communist Party warns that the Clinton administration is trying "to solve the problems they (U.S. officials) themselves created with their discriminatory policy against Cubans in their territory." This ethnic group, it adds, is the only one being prevented from helping its families.

The authorization for U.S. nationals to live in Cuba as permanent correspondents concerns only those professionals and the Cuban Government, because none of the foreign journalists accredited here had to resort to their governments to be allowed to work on the island, it notes.

Meanwhile, local radio stations today are broadcasting remarks by Ricardo Alarcon, president of the National Assembly of the People's Government, in which he says the Clinton administration's decision is "much ado about nothing" and only seeks to solve the problems created by successive U.S. Governments. These remarks agree with statements made yesterday by prominent officials such as Vice Foreign Minister Isabel Allende and Foreign Ministry Spokesman Miguel Alfonso.

Castro Meets Visiting U.S. Business Delegation

PA0810013495 Havana Radio Havana Cuba in Spanish 0000 GMT 8 Oct 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban President Fidel Castro has met in Havana with a delegation of over 60 executives from major U.S. companies who came on a brief and intensive fact-finding mission. The visitors showed interest in the situation in Cuba.

U.S. delegation leader (Peter Cosiglio) described as very good the meeting with the Cuban head of state, who — he reported — informed them of the situation in the country.

The U.S. business delegation visited Cuba as part of a tour of several countries that will also include Russia, Vietnam, and Lebanon, it was announced.

Helms-Burton Bill Approval Said Not To End Mexican Investments

PA0710032495 Havana Cuba Vision Network in Spanish 0000 GMT 4 Oct 95

[From the "NTV" newscast]

[FBIS Translated Text] [Station announcer Antonio Napoles] Mexican businessmen who have made investments in Cuba have ruled out their withdrawal from our country if the Helms-Burton bill is approved in the U.S. Senate. Mauricio Fernandez Garza, one of the first Mexicans to invest in Cuba, called the initiative a folly of the gringos, embittered as they are because they cannot defeat Cuba. The spokesman of another Mexican company that has made major investments in the Cuban telephone system, denied his company's interests on the island will be hurt if the said bill is approved. He affirmed the Domus Group investments in Cuba are doing fine, mainly since the resumption of direct communications between Cuba and the United States, with 20,000 telephone calls a day lasting an average of 12 minutes.

Castro-Li Peng Meeting To Contribute to 'Excellent' Ties

PA1010035695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 10 Oct 95

[Report by Marta Sosa — from the "NTV" newscast]

[FBIS Translated Text] Commander in Chief Fidel Castro, president of the Councils of State and of Ministers, received Li Peng, premier of the State Council of the

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People's Republic of China, who made a stopover in Havana today.

Commander in Chief Fidel Castro welcomed the Chinese leader and his delegation at the Jose Marti International Airport in Havana. Also cordially welcoming the Chinese leader were Carlos Lage, vice president of the Council of State; Foreign Minister Roberto Robaina; and Foreign Trade Minister Ricardo Cabrisas.

Ambassador Xu Yicong and other officials from the Chinese Embassy in Havana were also among those at the airport.

Li Peng and Fidel spoke at the airport for a few minutes while part of the Chinese delegation visited areas near the air terminal.

The Chinese premier arrived in our country from Mexico as part of a tour that included Morocco and will continue in Peru, Canada, and Malta.

This new high-level meeting between Cuba and the PRC will surely contribute to the excellent relations that exist between the two countries.

Commentary Views Increasing Ties With Europe

PA0910042695 Havana Radio Havana Cuba in Spanish 0000 GMT 6 Oct 95

[Commentary by Roberto Morejon; from the "Evening Information Review" newscast]

[FBIS Translated Text] Cubans want to know the details of Europe's economic and political experience, and exchanges between Cuba and the Old World are increasing along those lines. Several news reports of this week on the plans by Cubans and Europeans to implement ideas leading toward greater mutual understanding were no coincidence. First, we learned of the EU initiative to begin a dialogue with the Cuban Government to analyze the future signing of bilateral agreements, since this country is the only one in Latin America without this kind of tie.

The Third International Meeting on European Studies began Tuesday in Havana with the participation of experts, scholars, and diplomats from 12 countries. The meeting is entitled "Europe in the Mid-1990's, Its Role in the Changing International Scene." An intensive business training course was officially inaugurated Wednesday in Havana. The course was geared to 100 Cuban directors, who in a six-month period (?will be) taught by professors from five European cities.

One cannot ignore that Europe has maintained a constructive stance with regard to the survival of Cubans, by refusing to go along with the blockade dictated by the United States. Many European governments differ with Cuba on its political system, but opposing viewpoints are brought to the fore in periodic meetings among officials and are not translated into economic sanctions. On the contrary, European businessmen are among those who are the most interested in the opening of the Cuban economy to foreign capital, as part of Havana's efforts to enter the world of today.

Spain heads the list of European investors, followed by Italy, France, Holland, and the United Kingdom, whereas in America the main investors come from Canada and Mexico. For Cuban businessmen and experts this is a unique opportunity to learn how European entities function, since Havana has established economic relations with some of them. Hence the usefulness of the intensive business training course attended by close to 100 Cubans who are convinced that for a socialist economy with state (?elements) it is useful to come in contact with the management modes that prevail in Europe.

Cuba is open to any initiative conducive to increased ties with Europe, without prior conditions, and is confident that permanent dialogue will contribute to promoting current and other, newm cooperation levels.

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Reportage on Chinese Premier's Official Visit

Premier Arrives, Greeted by Gurria

PA0710015595 Mexico City XEW Television Network in Spanish 0400 GMT 6 Oct 95

[Report by Gabriela Quintero; from the "24 Hours" newscast]

[FBIS Translated Text] Li Peng, premier of the State Council of the People's Republic of China, arrived in Mexico City at 1650 hours on an official visit, which will end 9 October.

Foreign Secretary Jose Angel Gurria and his wife met the premier and his wife. Later, the party moved to the podium, where they listened to the national anthems of Mexico and the People's Republic of China. Li Peng received an 18-gun salute. [as heard]

The Chinese premier is accompanied by a delegation of government officials and businessmen. Foreign Secretary Gurria stressed the visit will strengthen ties between the two countries and the bilateral and international agenda will be studied.

Agreements will be signed to broaden the legal regime, which governs relationships between Mexico and China. A number of issues, such as cultural, education, scientific, trade, and political cooperation, will be discussed.

The Chinese minister will begin his official activities tomorrow. During his visit to Mexico, he will meet with Mexican President Ernesto Zedillo, the chief of the Federal District, and members of the Chinese community in Mexico.

At the end of his visit to Mexico City, the Chinese minister will travel to Cancun, Mexico, and later to Lima, Peru.

Zedillo Welcomes Premier

PA0710172695 Mexico City NOTIMEX in Spanish 1826 GMT 6 Oct 95

[FBIS Translated Text] Mexico City, 6 Oct (NOTIMEX) — President Ernesto Zedillo said today Mexico and the PRC share the same interest in fighting poverty, protecting the environment, strengthening the United Nations, and promoting a fairer and more open trade system.

Welcoming PRC Prime Minister Li Peng, the Mexican president said these shared interests make one see with optimism future links of cooperation between the two countries.

Zedillo spotlighted the effort to establish an atmosphere of unlimited respect for the sovereignty of each country and compliance with the letter and spirit of international law, which should be the solid basis of a new era of shared peace and progress.

During the ceremony held in the National Palace, Zedillo added that both countries share the hope of entering the new century in an international context of greater certitude and fairness.

"We share efforts to encourage dialogue between the regions and the joint responsibility of members of the world community in the face of compelling global challenges," the Mexican president said.

After Li Peng received honors appropriate to his high rank and heard both national anthems, Zedillo said the many high-level contacts between representatives of both countries will consolidate the projects contained in the bilateral agenda.

Referring to Li Peng, Zedillo said his visit to Mexico confirms the many years of solid and fruitful diplomatic relations between the two governments, a point which permits the examination of topics comprising the bilateral agenda at the highest level.

He said the Chinese prime minister's visit is an opportunity to exchange opinions on the main phenomena characterizing the international environment in which Mexico and the PRC are part of.

The Chinese prime minister's visit offers a suitable framework to reach agreements that will expand the legal norms regulating their relations, so as to advance toward the consolidation of bilateral exchanges, the Mexican president said.

In the ceremony, Li Peng released a message recorded in Spanish, saying the PRC and Mexico are two countries united by a long history of friendly exchanges and dedicated to firm struggle.

He said they share a broad interest in the cause for peace, development, and world progress.

The new international scene and world economic development offer propitious opportunities for future strengthening of PRC-Mexico ties of friendship and cooperation, he added.

He said his visit to Mexico is inspired by the intention to consolidate high-level contacts, to increase mutual understanding, to encourage friendship, to broaden cooperation for mutual benefit, and to further the links in all its dimensions.

After expressing thanks for the high welcoming honors, Li Peng said he awaits the opportunity for a broad exchange of points of view with President Zedillo about bilateral relations and topics of common interest.

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The Chinese minister hopes his visit will serve to greater consolidate and develop friendly Chinese-Mexican cooperation.

At the end of the official ceremony, Zedillo and Li Peng held their first round of private talks and signed agreements, while the committees from both countries did likewise.

Zedillo, Premier Sign Accords

PA0710204695 Mexico City NOTIMEX in Spanish 0118 GMT 7 Oct 95

[FBIS Translated Text] Mexico City, 6 Oct (NOTIMEX) — President Ernesto Zedillo and Li Peng, Chinese State Council premier, signed three cooperation agreements here today during their first meeting and within the framework of the Chinese leader's four-day official visit.

In a news conference, Cheng Guofang, spokesman for the Chinese delegation, said the agreements include a note of understanding on telecommunications and an agreement on academic cooperation between the foreign ministries of the two countries.

In addition, President Zedillo and Premier Li Peng signed an agreement between China's State Commission on Ethical Matters and Mexico's Secretariat of Social Development.

During the first day of his visit to this capital, Li Peng was declared guest of honor of Mexico City and received the keys to the city from Mexico City Mayor Oscar Espinosa Villarreal.

During the news conference, the Chinese spokesman said his country assumed the commitment of not using or threatening with nuclear weapons any country that does not have such weapons, the reason why as of 1996, his country will sign an agreement that bans nuclear testing.

Li Peng, who will be in Mexico until next 9 October, is accompanied by 41 Chinese businessmen who will study investment prospects.

Following the first meeting between Li Peng and President Zedillo, the two chiefs of state agreed that both China and Mexico are developing nations and that economic development constitutes their absolute political priority.

Li Peng said the excellent economic complementariness between the two countries was noted during the meeting with Zedillo, as well as the mutual determination by the two parties to increase economic and commercial cooperation.

He said China is committed to its foreign policy of peace and independence, while Mexico also upholds the principles of nonintervention and respect for the self-determination of peoples.

On behalf of President Jiang Zemin, Li Peng invited President Zedillo to visit his country.

Meanwhile, Zedillo said, with regard to relations between the two nations, they still have a long way to go.

He affirmed it is true that there are major accomplishments; it is also true there is an enormous potential that should be tapped based on friendship, communication, and diplomatic contacts.

After stressing his agreement with the complementariness of the two economies, Zedillo said the reciprocal benefits that can be reaped by increasing their commercial exchanges as well as the flows of direct investment are obvious.

More on Accords

PA0710232095 Mexico City XEW Television Network in Spanish 0400 GMT 7 Oct 95

[Report by Alberto Leon and Rita Ganem; from the "24 Hours" newscast]

[FBIS Translated Text] [Leon] President Ernesto Zedillo and his wife Nilsa Patricia Velazco de Zedillo received Chinese Prime Minister Li Peng and his wife (Shu Lin) at the National Palace. The Mexican president said that there are points of agreement in the relations between Mexico and the PRC.

[Begin Zedillo recording] There is the same interest in fighting poverty, protecting the environment, strengthening the United Nations, and promoting a trade system that is fairer and more open. [end recording]

[Leon] Mr. Li Peng said that his visit to Mexico will consolidate contacts.

[Begin Li recording in Chinese with superimposed translation into Spanish] We seek to broaden cooperation for mutual benefits and forge ahead with our links in all dimensions. [end recording]

[Leon] In the National Palace's reception room, President Zedillo and Mr. Li Peng signed cooperation agreements on technical matters and a memorandum of understanding having to do with telecommunications and transport. The communication agreement establishes the exchange of scientific and technical information between the PRC and Mexico on radio communications, rural and cellular telephones, and international satellite communications, including the use of microwaves and underwater cable communications.

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At midday, Mr. Li Peng suspended his visit to the Federal District's lobbying room. Outside the building, members of the Greenpeace ecology group held a demonstration to protest the PRC's nuclear tests.

Federal District Chief Oscar Espinosa Villareal went to the hotel where the Chinese prime minister is staying, so as to hand him the keys to the city and declare him a distinguished guest. Later on, Chinese delegation spokesman (Shen Guofang), gave a news conference. He spoke of the meeting between Prime Minister Li Peng and President Ernesto Zedillo. He said it was fruitful, sincere, and friendly. He gave assurances that the PRC has great interest in strengthening trade ties with Mexico and said that the countries have political stability and many points of agreement on how to handle a market economy.

Mr. (Guofang) said that China will stop all nuclear testing once the appropriate treaty is signed.

[Begin (Guofang) recording] The PRC is taking an active role in the negotiations on a total prohibition treaty on nuclear testing and hopes that this treaty is reached by 1996 at the latest. The PRC has also expressed that once this treaty comes into effect the PRC will immediately stop its nuclear testing. [end recording]

[Ganem] With spectacular economic growth, the PRC plans to reach its goals of social progress and strengthen ties of cooperation and friendship in the international context, Chinese Premier Li Peng stated during a news conference he hosted at the Foreign Secretariat Auditorium in Mexico City. Premier Li Peng talked to diplomats, officials, teachers, and scholars about the reform and modernization process China was gone through, particularly in the past 10 years, which has allowed that country reach economic growth four times higher than in the 1980's, since its exports totaled $240 billion last year, and it has attracted an increasing amount of foreign capital. In his explanation, the official stated that China is adhering to its objective of establishing a socialist market economy.

[Begin Li recording with simultaneous translation into Spanish] Many foreign friends have been pleased to note that China's reforms have succeeded in the midst of political stability. There is some justification for this, since without social stability, we would not achieve either development or reform. [end recording]

[Leon] Foreign Secretary Jose Angel Gurria and (Li Jakiu) of foreign relations of the Council of State of China [name and title as heard] signed a cooperation agreement on academic matters. Gurria said the Chinese premier is an outstanding leader in modern times and added that Mr. Li's political thinking is that of a statesman committed to the causes that advocate equity and the well-being of nations. Li's contribution has been decisive in the spectacular progress of China, Gurria affirmed.

During the framework of the premier's visit to Mexico, the sixth Sino-Mexican business meeting was held. Jaime Zabludosvsky Kuper, deputy secretary for international trade negotiations of the Commerce and Industrial Development Secretariat, said the performance of Mexico's foreign trade will be positive this year, despite the difficult economic situation. He added that in 1996 exports will maintain a dynamic growth. This evening, President Zedillo hosted a dinner in honor of Prime Minister Li at the Adolfo Lopez Mateos Hall at Los Pinos presidential residence.

Premier on Ties With Mexico, Economy

PA0910170295 Mexico City XEW Television Network in Spanish 1727 GMT 8 Oct 95

[Interview with Chinese Premier Li Peng by Jacobo Zabludovsky; date, place not given — live or recorded, Li Peng's responses in Chinese with passage-by-passage translation into Spanish]

[FBIS Translated Text] [Zabludovsky] What is the purpose of and what have you obtained from this visit to Mexico?

[Li Peng] First, I must thank your television station for having extensively covered the activities of my present visit to Mexico for the past two days. Because Mexico and the PRC are both Pacific Rim countries, the purpose of the visit is a simple one. I came here to hold face-to-face meetings with Mexican leaders to increase our mutual understanding and to promote even more our friendly relations and cooperation.

[Zabludovsky] What is the status of relations between the PRC and Mexico?

[Li Peng] At the political and international level, both the PRC and Mexico share the same viewpoints. In Mexico's case, it promotes the free self-determination of peoples and nonintervention in the internal affairs of another country. The PRC believes that all countries of the world, big and small, powerful and weak, rich and poor, are all equal and that each one has the right to decide its own path of development, ideology, and social system in accordance with its own national realities.

At the economic level, our bilateral trade has developed quite well in the last few years, but the total volume still leaves much to be desired compared to the level we should have already attained. There is great potential to exploit in this regard.

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On promoting trade, I believe it is important to increase mutual understanding, because trade is nothing more than the exchange of goods in conditions of equality and conditions of mutual benefit. Because market economies prevail in our two countries, companies play the most important role in the economy; therefore, we need to get Chinese and Mexican businessmen to increase their contacts so as to increase their mutual understanding and become aware of the projects that are mutually beneficial.

As for our respective governments, all they need to do is to help them out by establishing and drafting policies. What pleases me greatly is that on the occasion of this visit to Mexico, businessmen of both countries have been holding meetings to determine possibilities of increasing trade. A large number of businessmen from important Chinese firms has accompanied me on this visit.

[Zabludovsky] We received reports today that the health of Deng Xiaoping has deteriorated. What can you tell us in this regard?

[Li Peng] Mr. Deng Xiaoping totally withdrew from Chinese public life in 1993, but the theory he established on the construction of socialism with Chinese features has always constituted a guide for us. The PRC will undoubtedly insist on this in the future. For a man of such an old age—Mr. Deng Xiaoping is 91 years old—his health is good.

The fact the Chinese economy has developed so fast in the past few years is due to many reasons. One of the most important reasons is that our country's reform and economic construction was conducted amid political stability. The PRC has established its leadership apparatus in the Central Committee of the PRC with Comrade Jiang Zemin as its leader. He is leading the Chinese people into the 21st century. I am convinced the political situation in the PRC will remain stable in the long term.

[Zabludovsky] Mr. Premier, the PRC needs to create nearly 30 million new jobs in the next five years. What steps are you planning to take, and how does foreign investment help in the creation of these jobs?

[Li Peng] The country's population is still a very big problem for the PRC. We are strictly applying family planning policy, but our country's population grows by 14 million each year. The Chinese Government is obligated to feed these new human beings, is obligated to giving them housing, education, and, lastly, jobs. The PRC is basically an agricultural country because of the 1.2 billion inhabitants in our country. A total of 900 million live in rural areas. The task of creating new jobs in this regard is basically centered in rural areas.

Throughout the past 10 years, our country has created new jobs for 110 million rural workers but not in the big cities. These people have been given jobs in their own places of origin through the creation of rural enterprises; in other words, we have been able to employ this labor in its own place of origin in such a way so as to create wealth for the state and the people. For the next century, we have planned greater development of these types of small- and medium-size cities and towns to the extent these rural enterprises develop. We are going to continue traveling down this road in order to resolve the problem of creating new jobs. We are creating new jobs in rural areas.

I have not yet answered your question about foreign investment and how it can help resolve the problem of employment in the rural areas of the PRC.

Foreign capital has, in fact, played a role in this process, has played a very important role. As our country's development continues, labor sectors have decreased while the high tech sectors in the field of exports have increased; therefore, the labor that will be required will have to be skilled. The quality of labor will be more important than the quantity of labor.

We will invariably continue with our policy to open up to the world by welcoming foreign investors more than ever. They will invest in the areas of infrastructure, basic industries, and all those sectors yielding high utilities.

[Zabludovksy] Mr. Premier, Mexico is a member of APEC [Asia-Pacific Economic Cooperation] and is very interested in the development of that group of nations. What is your viewpoint, outlook regarding this region?

[Li Peng] The Asian and Pacific area constitutes the region with the most economic development in the world today. This region has rich natural resources, hard working people, and vast markets; therefore, I am very optimistic about the area's prospects for development. Now that Mexico has become an APEC member, I am thoroughly convinced Mexico is going to play a vigorous and positive role in this region.

[Zabludovsky] Would you like to add anything else, Mr. Premier?

[Li Peng] Nothing else on my part. I believe I have answered all your questions. Anyhow, to understand our country better, you need to visit it.

[Zabludovsky] Is that an invitation?

[Li Peng] Of course it is an invitation.

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Cydsa Group, British Firm Sign Agreement

PA0710132095 Mexico City LA JORNADA in Spanish 5 Oct 95 pp 52, 53

[Report by Armando Torres]

[FBIS Translated Text] Monterrey, Nuevo Leon, 4 October — The Cydsa Group has signed an association agreement with the British firm Northumbrian Water Group Plc as part of its strategy to diversify its environmental improvement division. The project will cost more than $500 million, according to Nuevo Leon businessman Tomas Gonzalez Sada. He added that the British company through that transaction will acquire 40 percent of Atlatec's shares for $24 million. Atlatec is a Cydsa subsidiary. Gonzalez Sada has also announced that the Serfin Financial Group has participated in the transaction by 4.5 percent, for a total of $2.7 million. Gonzalez Sada has said this association will allow the municipal water systems to participate in the privatization process, mainly in Mexico, in U.S. border states, as well as in Central and South America and the Caribbean. Northumbrian Water Group Plc, a leader at the international level in the field of integrated environmental improvement services, has sales of more than $500 million and has more than 3,000 employees.

Pemex Has Signed Two Credits Contracts

Mexican Petroleum has announced that in late September it acquired two new lines of credit for $90 million, which will be used to finance international transactions. The lines of credit were granted by the Midland Bank, through a revolving credit of $50 million, and by the Australia and New Zealand Banking Group, for $40 million.

Zedillo Addresses Radio, Television Meeting

PA0810222695 Mexico City XEW Television Network Spanish 2240 GMT 7 Oct 95

[Address by President Ernesto Zedillo to the annual meeting of the National Chamber of the Radio and Television Industry in Cancun — live relay]

[FBIS Translated Text] Mr. Mario Villanueva, governor of the state of Quintana Roo; Mr. (Raul Arechiga), president of the National Chamber of the Radio and Television Industry Board of Directors; distinguished radio and television entrepreneurs and representatives; ladies and gentlemen:

My wife and I are very pleased to be here with you today during this dinner commemorating your traditional radio and television week. The media you represent play a fundamental role in Mexico's present and future. On a daily basis, and as a result of your efforts, we Mexicans obtain information, guidance, and entertainment that nurture our everyday activities. Radio and television reproduce Mexico's values and culture and, at the same time, encourage changes.

Mexican society has unmistakably stipulated that it is seeking a more prosperous, equitable, generous, and democratic country. The media, especially radio and television, are an essential element in the establishment of our democracy; likewise, I am quite certain that these media will also impart their valuable contribution to the establishment of a new culture of support for justice. With your support, we will advance in improving our justice and public security system, strengthening our legislative branch, renovating our federalism, as well as ensuring categorical electoral reforms.

Whichever state reform is implemented must be one that incorporates an effective and trustworthy political framework so we may carry out current and future economic objectives. Both society and government act and work in that direction by struggling against provisional adversities in addition to modifying habits and structures that have become obsolete. We are moving in that direction by primarily favoring dialogue over confrontation, respect over intolerance, justice over intrigues, general over specific interests. The media play a major role in this task. All information disseminated through the electronic media serves to reaffirm national and regional identities in every citizen, as well as to strengthen links with others. It also serves to make them more aware of their rights and privileges as well as to contribute to the creation of expectations for the future.

A well-informed society knows what to do and keeps its morale high, even when surrounded by all sorts of adversities; thus, all of you radio and television specialists have an essential public responsibility in your everyday work. Providing the average citizen with adequate and objective information is not only the government's responsibility but also that of all social organizations, political forces, and, particularly, you radio and television specialists. Meeting this objective requires a decisive exercise of joint responsibility between the government, media, and society in general.

At the same time, the most diverse opinions on events that take place are disseminated along with the information supporting these events. Without relinquishing the right to full freedom of expression or the plurality for which we are well known, you all know that today, more than ever, we need more responsible opinions that are well-informed and substantiated. We need opinions committed to the nation's future, stability, institutional strength, constructive changes, always backed by truth.

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We are experiencing events of tremendous complexity in virtually all aspects of our life; thus, it is preferable for those who voice an opinion for public consumption do so after undergoing profound reflection, substantiated by objective and well-grounded information originating from clear and reliable sources. Any opinion of ethical significance, even if aimed at promoting changes, must be done by calling for reason and calm and by adhering to justice and our values.

Today, more than ever we need recommendations, based on truth, always grounded on truth, that will look toward the future and for them not to be distracted by meaningless and transitory issues. We are living through complex times that can easily lead to confusion. There are tangible facts, however, such as all our efforts to help us overcome the financial crisis and to establish solid foundations for vigorous economic and sustained growth. These difficult times will be overcome much more faster by confidence in ourselves.

You, my electronic media friends, with your undeniable influence can contribute tremendously to that vital objective. You can encourage us all to perceive and value attributes that otherwise we would tend to dodge and even ignore as routine and mundane. These attributes include work, honesty, love for one's country, love for one's family, which day after day encourages the life of millions of Mexicans. Fully recognizing the significance and consequences of Mexico's present should fill us with confidence, but confidence must also come from seeing ourselves reflected in the mirror of our history and culture.

A well-known and admired historian, in receiving an award by the Senate of the republic, reminded us just a few hours ago that we Mexicans, in our passing through the world, have never been and never will be passengers without luggage. He recalled that we are endowed with a long and complex but also lucid memory we must not lose. He said the best reasons why Mexicans should have confidence and hope can be found in the universe of creation by our forefathers, in the struggle of our heroes, in our rich legacy, in our belonging to a nation with history and culture. I am more than certain that you will decide to contribute to the task of stimulating that lucid memory and forge the confidence that will make that hope a reality.

Ladies and gentlemen, in ensuring the political, economic, and social changes all Mexicans seek, and that we are going to accomplish, I am committed to exercise a democratic presidency, leaving behind all traces of authoritarianism. With this conviction, I am determined to carry out my responsibilities in a firm and resolute manner strictly abiding by the law and making full use of all faculties granted by law, always looking over and above all for the nation's best interests.

However, the changes we all seek will only be accomplished through the wide-ranging participation of all us, leaders and grass-roots members of all political parties convinced that politics should be used solely to benefit Mexico, leaders of social organizations who seek their communities' welfare, business leaders committed to the country's economic progress, and union leaders aware of the new demands of their representation.

Changes require the active participation of all workers, producers from the rural sector, and Indian communities. Any transformation that may lead to the Mexico we all seek will only be possible through the encouragement of all Mexicans, men and women, young and adults, because our roots are here in this land. It is here were we are braving the present, and it is here in which we will build the future. I call on all of you, electronic media entrepreneurs and specialists, to be active participants in the process we are promoting. You have the opportunity to motivate the constructive disposition of all who listen and watch your programs on a regular basis. You have the opportunity to motivate the unity of all Mexicans around mutual values as well as shared objectives. We seek to build a coexistence endowed with a capacity to criticize. Yes, but one that is isolated from fear, manipulation, and animosity.

The time for honoring obligations has come. The government is prepared to honor its responsibilities, and I am quite sure that you will also be faithful to Mexico. Today, no one can bet to win on their own. The bet is for all of us to win.

During the transformation, shared responsibilities will be the foundation of our confidence. Through common tasks and shared efforts we have learned a major lesson. These are not times for selfishness but for generosity. These are not times for callousness but for nobility. Throughout the year, the disposition, bravery and efforts by the Mexican people have been exemplary. That has been our guide, and from this comes the major lesson. Let us reinforce confidence together with the people. Let us reinforce hope together with the people. Let us forge a more auspicious future for Mexico together with the people.

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Finance Secretary: Peso To Continue To Float

PA0910011095 Mexico City Radio Red Network in Spanish 0000 GMT 6 Oct 95

[Report by Antonio Guzman; from "The Night Monitor" newscast]

[FBIS Translated Text] It was announced yesterday evening that Finance Secretary Guillermo Ortiz would hold a very important news conference this morning. Indeed, this morning at the auditorium of the Secretariat of Finance, located in the north wing of the ground floor of the National Palace, Guillermo Ortiz made very precise and conclusive statements. He said that the peso will continue to float in order to reach a competitive exchange parity and stabilize financial markets.

In this news conference, which I must point out he held amid the foreign exchange and stock market turmoil in the last few days, the official added that this decision was made by the Exchange Commission, consisting of the Secretariat of Finance and the Bank of Mexico. He recognized that the transition to the floating exchange system has not been easy.

[Begin Ortiz recording] The transition to the floating exchange system has not been easy. Consequently, we will continue to reinforce market instruments, such as coverage and futures, in order to facilitate financial operations under this new system and to contribute to reducing the volatility that has been observed and, in general, to give greater certainty to economic agents. [end recording]

Accompanied by Francisco Gil Diaz, deputy director of the Bank of Mexico, Ortiz remarked that the monetary and fiscal policies will be anchors to reduce inflation. He also indicated that the executive branch will propose a balanced budget for next year, so as to avoid inflationary pressure and a hike in interest rates.

Ortiz also stated that the flexibility of interest rates will be maintained to absorb automatically any pressure on the exchange rate. Regarding the exchange rate, he said that the exchange rate prevailing at this time, namely 6.55 new pesos to the U.S. dollar, shows an undervalued but competitive new peso. He explained that the government will not seek to establish an exchange rate.

[Begin Ortiz recording] The Bank of Mexico and the federal government do not have an objective exchange rate toward the end of the year. We consider that the parity of the exchange rate currently is approximately 6.50 new pesos to 6.55 new pesos to the dollar. This represents an undervalued exchange rate, a very competitive exchange rate. [end recording]

In the news conference, Ortiz reported that the government has placed 1 billion German Marks, that is $750 million, worth of bonds to swap short-term debt for long-term liabilities. He also reported that next year about $9 billion in debt payments will be made. He indicated that the net public debt at the close of July dropped, and it now accounts for just 40 percent of the GDP. However, he highlighted a small increase in the foreign debt.

Further on in this news conference, the official expressed that a 3.5-percent growth rate is expected in 1996.

[Begin Ortiz recording] We can affirm that the adopted macroeconomic measures, coupled with the medium- and long-term strategies, will lay the foundations for the economy to grow vigorously and in a sustainable manner in 1996. [end recording]

This is what occurred in the framework of Secretary Ortiz' news conference, which produced favorable results to the exchange markets. These results were observed during the day, both at the stock and the foreign exchange markets.

PRD Criticizes Finance Secretary's Remarks

PA0910040995 Mexico City Radio Red Network in Spanish 0000 GMT 6 Oct 95

[Report by Rafael Jerezano; from "The Night Monitor" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] [Jerezano] The legislative bloc of the Party of the Democratic Revolution [PRD] warned this afternoon about the risks of the debt conversion announced by Finance Secretary Guillermo Ortiz. They said that although it may reduce the debt with the U.S. Treasury by resorting to the market, the dollar's weakness may have a negative effect on Mexico. We must be aware that, given the dollar's weakness, this debt will have a higher cost because Mexico is linked to that currency.

This is what Deputy Efigenia Martinez Hernandez stated at the podium. She indicated that the additional interest rate paid over the market rate is still high. She added we must wonder what has happened with the securities issues the U.S. Treasury was going to guarantee. We hope, the deputy added, this is not one of those issues and that Mexico does not require the approval from the Treasury for placing securities on the market. Let us hear what Martinez Hernandez said:

[Martinez Hernandez] "The government still does not have an alternative project to recover the economy.

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It still hopes that foreigners will come to the rescue. The economy does not get any better. They are doing this to assure foreigners that the Mexican economy remains open. They want to convey the message about future profits, resulting in future unprofitability and the cheapening of our labor force. They are doing this by guaranteeing that a system of exploitation will be pursued, so that the exchange rate does not change. In other words, they want to keep our exchange rate cheap and to guarantee that our labor remains cheap. These are the incentives the government is giving.

"In light of this, we, just like a growing part of the Mexican population, strongly disagree with government measures."

[Jerezano] Independent Deputy Luis Sanchez Aguilar also took to the podium to speak about the issue.

[Sanchez Aguilar] "We, therefore, believe that Mr. Ortiz is trying once more to deceive public opinion. He is not doing or announcing what he should. Instead of announcing the payment of foreign debts, he should tell us how he plans to cover the internal social and economic debt. Guillermo Ortiz should say today why Mexico appears today in 53th place in the human development index of the UN program. This is way below Costa Rica, Argentina, Chile, and Uruguay.

"We demand that the secretary of finance shows more consistency in his remarks."

[Jerezano] Deputy Saul Escobar proposed some alternatives solutions:

[Escobar] "What are we proposing? We propose — we have said this many times — that our foreign debt be restructured. We should restructure our foreign debt, like the referendum called by Efigenia Martinez indicated. This referendum has been convened by many groups of civic organizations, producers. We don't want a confrontation with our creditors. We don't want a confrontation that may prove costly for the country, but a renegotiation that will give guarantees to the development of our economy."

[Jerezano] Meanwhile, the National Action Party [PAN] said it can clearly be observed there is no defined course regarding economic policy. The PAN called worrying the announcement made on the continuity of the same policy in 1996. PAN deputies commented that the inviability of this policy is evident, given the existence of more just and reasonable measures.

As a result, PAN deputies considered it important to empower the Bank of Mexico with true autonomy regarding exchange policy, for which, they said, it is indispensable to legislate so the Finance Secretariat does not make decisions in the Exchange Commission. This is what PAN's Deputy Jesus Padilla said:

[Padilla] "The problem, the cause, the origin of all our economic woes is the lack of confidence in Mexico. Why did they tell us in this morning's news conference that there is confidence in the markets? What confidence, if you are paying a 120-percent premium [prima]. This 120-percent premium is precisely what refutes the assertion that there is confidence in Mexico. There is no confidence in Mexico, gentlemen. They obviously don't have confidence in us.

"The state party has earned that mistrust from abroad. Foreigners don't trust us. This party lost the confidence of Mexicans long ago, but now not even foreigners trust the state party."

Archbishop Warns on Economic System

95CA0401A Mexico City LA JORNADA in Spanish. 19 Sep 95

[Commentary by Roberto Garduno Espinosa: "The Crisis, Worse Than the Earthquakes" — received via Internet]

[FBIS Translated Text] The current economic crisis is more devastating to the people of Mexico than the 1985 earthquakes, said Archbishop Norberto Rivera Carrera. He argued that the problems are political and moral, not just economic, and that the "credibility crisis makes any recovery that much more difficult."

Delivering a homily in the main courtyard of the Mexican Red Cross to commemorate the 10th anniversary of the earthquakes on 19 September 1985, the prelate raised his voice and said: "We need change urgently! We need to change!"

"It is not enough to praise the stoic pride with which during every presidential term Mexicans shoulder the burden of economic adjustments that have come with the recurring crises of recent decades. It is not enough to talk about the sacrifice of the workers and the peasants. It is not enough to acknowledge the age-old marginalization of the Indians, both those who remain in their native regions and those whose destitution is paraded before us in the streets of our city."

In a lengthy message he urged political, economic, and social decisionmakers to seek out new paths with creativity and perseverance:

To seek these "in the political arena, to open up clearer avenues for expression and joint responsibility among all parties, all organizations and currents, and above all, to seek the voices of all citizens, in order to consolidate a democracy that rests on increasingly broad

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sectors whose aspirations are effectively represented and heeded," he stated.

He challenged the authorities to "correct the course of neoliberal capitalism," to make "urgent changes in the ethical conception of the economy," and to seek solutions that are better suited to the sectors that need support and a social safety net.

"Workers are not just the agents of production. Unrestricted competition, the laws of the marketplace, and profits cannot be regarded as the only criteria that are to govern the economy. We can see this from the catastrophic impact in recent years on 40 million increasingly poor Mexicans and from the excessive concentration of wealth in the hands of the privileged few, some of whom have joined the list of the world's richest people."

Rivera Carrera rejected the argument that wealth must first be created in order to distribute it later. "There has been no indication, so far, that this could happen in the current context; rather, the opposite seems to be the case, with capital seeking a haven in other countries," he indicated.

He also talked about the image of Mexico that officials of the current administration are conveying in other countries: "Nor can we remain silent in the face of the opinions that official representatives are voicing overseas, opinions that are not even consistent with the laws governing us or with the sentiments of the majority of the Mexican people," he underscored.

The archbishop commented that no society can survive, much less grow, without a set of ethical principles to sustain the relations that constitute it.

"In light of this we cannot remain indifferent to so many signs of death all around us: extreme poverty, mounting unemployment, uncontrollable violence, schemes to exterminate the weakest and most defenseless, and so many forms of corruption and impunity."

Adopting an unusual tone, he emphasized that the new ethical criteria must offer fortitude to all strata of society so that they can form a common front against drug trafficking, which with its abundant resources threatens to corrupt all social strata.

He therefore called on the authorities to tell people the truth so that they can assume the costs of the crisis: "Transparent and accurate, timely information about the effective and responsible administration of the nation's assets will make for greater fortitude to accept mounting sacrifices."

He described the differences between rich and poor and how, in a gesture of solidarity with the millions of Mexicans who live in impoverished conditions, the few beneficiaries of economic policy can "manage" amid austerity.

He also talked about the relations between church and state, commenting that they are not opposing entities:

"The economic resources that we have available do not enable us to resolve the enormous poverty and difficulties of so many people at the moment. Church and state are not antagonists. Each in its respective sphere must cooperate for the common good of Mexican society.

"With the material resources that we have available and given the little that we can do to solve our economic problems, it is my intention to make a symbolic gesture of solidarity with the poorest and neediest," he indicated.

Ten years after Mexico City was tragically struck by an earthquake, the prelate emphasized that the conscience of the people was also shaken, "and it was a sign which made it clear that many things in this country have to change, and that the reconstruction that has gone on, and that is still not complete, cannot be just material but spiritual, political, and cultural as well."

Speaking before a large group of earthquake survivors, rescue workers, and members of civic and government organizations that were involved in the aid efforts 10 years ago, he underscored that the grassroots urban groups built important social movements, and that their process of politicization and involvement has lasted to this day as they have become "active elements in the construction of society."

He also recalled that although the Catholic Church was not called on by the civilian authorities, "in complete harmony with its people, it joined the tasks of reconstruction with many initiatives, which have lasted to this day and have multiplied."

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Guatemala

Reportage on Massacre in Settlement of Repatriated Citizens

Defense Minister, President Comment

PA0610160295 Mexico City NOTIMEX in Spanish 0706 GMT 6 Oct 95

[FBIS Translated Text] Guatemala City, 6 Oct (NOTIMEX) — Defense Minister General Mario Enriquez has assured that his soldiers acted in self-defense when they attacked a settlement of repatriated Guatemalans in northern Guatemala the previous day.

President Ramiro De Leon, in turn, has expressed indignation over the events that took place in the "La Aurora-8 October" settlement in the northern department (province) of Alta Verapaz.

A group of 25 soldiers, under the command of Sublieutenant Lacan Chaclan, were invited to enter the hamlet of the repatriated, Enriquez has said in a statement to a local television channel.

Once in the hamlet, the soldiers were surrounded by "about 300 to 400 inhabitants who attacked the soldiers and took away three Galil rifles," explained Enriquez, who also heads the Army.

Those "300 to 400 people" did not allow the soldiers to leave or flee, while someone with a loudspeaker incited the people against the soldiers, who were forced to use their weapons, he has said.

Enriquez has said the patrol reacted when three of its members were wounded, facing the inhabitants to allow a drawback and "avoid further confrontations."

"During the drawback, they (the soldiers) carried their wounded, recovered their rifles, and 19 of their fellow soldiers joined them on the way, but six are still missing," he has said.

Enriquez has admitted there were "10 dead and 12 wounded" among the community inhabitants.

"I am very bothered and annoyed over this new violation of life, which brings mourning to Guatemalans," De Leon Carpio has said in a separate television appearance.

The president has offered a full investigation of the case and has pledged to apply the law and punish the attackers "regardless of the person or their institution."

"It is difficult to explain the indignation I feel, and I am willing to order whatever it takes to clarify the case and not allow it to remain in impunity," reaffirmed the president upon returning from El Salvador, where he met the day before with his Central American colleagues.

Without referring to the identity of those who carried out the massacre, De Leon Carpio has said attacking life and the civilian population "is not state policy."

The president has said that a "high level" commission will take charge of an exhaustive investigation of the case and that inquiries will begin first thing Friday when the authorities and personnel of the Defense and Government (interior) Ministries, among other officials, arrive to the scene of the attack.

In the incident yesterday afternoon, 10 Indians were killed and 18 were wounded, according to a preliminary official report issued here last night.

The report was part of a joint communique of the local representative of the UN High Commissioner for Refugees and the UN Mission for Guatemala (Minugua, which verifies the human rights situation in this country).

The repatriated of the La Aurora-8 October settlement returned to Guatemala in October 1994 after having remained for more than a decade in Southern Mexico, where they had fled from the domestic conflict that has affected the Central American country for 34 years.

Defense Minister on Massacre

PA0610234395 Guatemala City Teleonce Television in Spanish 0400 GMT 6 Oct 95

[From the "Telepress Newscast"]

[FBIS Translated Text] [Announcer] Between 10 and 12 deaths have been registered as a result of a grenade and rifle attack on members of a repatriated citizens' village in Xaman Farm, Chisec Municipality, Alta Verapaz Department. Well, we have Defense Minister General Mario Rene Enriquez Morales on the line right now. He will expand on the topic, or counter the contents of the note we have just read. Mr. Minister, good evening. This is Telepress. You may report on this issue.

[Enriquez] Good evening to those who make it possible to talk with Telepress and broadcast information to the viewers, and good evening to everyone. Yes, in fact, we have deplored today the event or events which occurred in Xaman Farm, Chisec Municipality, Alta Verapaz jurisdiction. A patrol from the Rubelsanto Detachment left on 3 October [words indistinct] surrounding areas and toured various villages located close to the detachment, including Las Mercedes, San Miguel, Limon Sur, and Nueva Tierra.

Today, they were en route to another community, San Pedro de Limon, they had to pass close to Xaman Farm

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— specifically, where the 8 October Cooperative is located. The road is located close to the cooperative's center. When they were about 50 or 100 meters from the road to San Pedro Limon they saw eight men from the cooperative. They approached the patrol to talk with the commander. The patrol is comprised of an officer and 25 soldiers. Second Lieutenant Lacan Chaclan was in command of the 25 men.

They chatted with the eight men for more than 35 minutes. They even said they would soon celebrate their anniversary on 8 October; they talked about organizing a sports event; and they exchanged views with these men. Suddenly they noticed six women walking downhill and approaching them. The women urged the eight men talking with the patrol commander to invite them in — the second lieutenant and the soldiers. The men said: Come in, you must come through here. The military answered: No. We are forbidden to enter certain areas so we will go on our way to San Pedro Limon. The men said: No, it will be better if you go through the cooperative or we will think you are ill-intentioned. Pass through and then go on your way. That is what the officer has said. The officer then told his men: We will pass through. Everyone shoulder your rifle with the muzzle pointing down so they do not think we have aggressive plans. We will simply pass through.

They were immediately surrounded by more than 300 persons when they reached the center of the cooperative. The circle closest to them was comprised of children and women. One person was talking through a loudspeaker, shouting insults at the soldiers and the officer. There were also three persons with cameras taking pictures of the military every step of the way as they approached the place. Officer Lacan Chaclan tried to appease things because the people were quite upset. He spoke to them in a loud voice, telling them they had no intention of offending anyone, that they were passing through upon invitation from the eight men who talked to them — but it was useless.

In fact, some men approached the soldiers and snatched three of their rifles. They opened fire and injured three soldiers. The second lieutenant says that when the soldiers heard them open fire and saw that their comrades had been hit, they first fired their weapons in the air and then they logically fired directly at the people.

[Announcer] Sir...

[Enriquez, interrupting] When they managed to recover their rifles and separate the people, they opted to immediately withdraw. When they withdrew there were only 13 soldiers. The others were no longer there. Others joined the patrol along the way until there were 19. Six soldiers are missing. On the road to Rubelsanto, on their way back to their detachment, they met some Minugua [UN Mission for Guatemala] officials. They said they were going to [word indistinct] and they asked the commander what had happened. He told them what I am telling you and the Minugua officials even helped the injured Army members. They kept walking and found a truck, which they boarded.

They later found some Minugua and Fray Bartolome de las Casas representatives who were also going to Shaman. The officer again told them what had happened at the place, just like I have told you. The Minugua representatives also helped the injured. In fact, we were able to know the names of our injured members thanks to them. Well, the soldiers' current situation is that the patrol comprised of an officer and 25 soldiers now only has 19 soldiers. Six of them are still missing. Three soldiers are injured — one of them is in critical condition.

We have not been able to evacuate them. They are in Rubelsanto and tomorrow morning they will be evacuated to Coban or to the Military Medical Center.

With respect to the [word indistinct] cooperative, we understand that there were 10 dead, 12 injured. Most of them — the ones presenting serious conditions — were transferred to the capital, with some problems with the helicopters that were rented to bring them. As you know, during the afternoon weather conditions were very critical here in the capital, and one helicopter bringing four injured on board was forced to stay in Sarajmaj. Regarding these injured, the Defense Ministry ordered that the military zone provide the necessary aid and transport them later to the regional hospital, where they have received the corresponding attention.

I understand one of them was in very critical condition, and he was going to be transferred tonight to the capital. I don't know if this was done already. I understand the other helicopter landed near Palencia and the injured it was transporting were brought to the capital.

This is all I know. Guatemalan public opinion should know the president of the Republic was already informed about this, upon returning from El Salvador. His first reaction was obviously of consternation, but [words indistinct]. And the first thing that must be done is to create a high-level commission in the Xaman farm and also in Coban to talk to the 12 October Cooperative members and also to the commander and soldiers of the patrol, so as to determine the reality surrounding the events.

At the request of the president of the Republic, this commission will be formed by the attorney general or an-

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other high-ranking official from the Attorney General's Office, COPREDEH [Presidential Commission for the Coordination of Human Rights Affairs], high-ranking members of (?Sonafas) [expansion unknown]. And of course, I indicated to the president a special invitation would be made to the Guatemalan human rights attorney, so that he or his representatives visits the site. This will allow him to verify and corroborate before national public opinion [10-second break in reception].

Defense Minister Resigns

PA0910182995 Mexico City NOTIMEX in Spanish 1758 GMT 9 Oct 95

[FBIS Translated Text] Guatemala City, 9 Oct (NOTIMEX) — Guatemalan President Ramiro De Leon Carpio has announced here that Defense Minister General Mario Enriquez resigned today as a result of last week's massacre in a community of repatriated citizens.

President Replaces Defense Minister

PA0910235795 Guatemala City Televisiete Television in Spanish 1900 GMT 9 Oct 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Guatemalan Defense Minister Mario Rene Enriquez resigned from his post today as a result of the killings that took place on Thursday, 5 October, in Alta Verapaz Department, where 11 peasants were shot to death by several soldiers, President Ramiro de Leon Carpio has said.

The president announced the dismissal of the chief of the military zone where the massacre took place. He also announced the appointment of General Marco Antonio Gonzalez Taracena as the new defense minister.

[Begin De Leon Carpio recording] I want to inform you that the first legal measures that I have taken are the following:

First, we decided to turn over to the proper courts the members of the military patrol involved in the tragedy so that these courts can conduct the legal proceedings. This has already been done. The steps are being taken and they were turned over to the proper courts.

Second, as constitutional president of the Republic and as commander in chief of the Army, I must accept the corresponding institutional responsibility, because it was an Army unit that took part in this regrettable tragedy. I have assumed my institutional responsibility from the beginning with sadness but with firmness. These incidents — and representatives of the national and international community have also stated this — in no way imply that this is the result of a policy against the people, it does not mean it was the result of a presidential order or a military order, but I have an institutional responsibility for this. Just as it may happen with any institution when a low-level employee or an official breaks a rule, the responsibility also falls on the person leading the institution.

The other measure I have taken is to dismiss the commander of the 21st Military Zone based in Coban, Alta Verapaz Department, because he was the jurisdictional commander in charge of the patrol that took part in the tragedy. We hope that by doing this, we will contribute to the progress of the proper investigations and uncover the truth with a totally independent judgment.

I also want to announce to you that yesterday, 8 October, during a personal meeting with Defense Minister Division General Mario Rene Enriquez Morales, he verbally tendered his resignation to me. He deeply regretted the incident and said he believes that with his resignation, he is contributing to my government's efforts to positively resolve this regrettable tragedy. Likewise, he told me that he has decided to resign from his post because he is aware that it is the advisable thing to do for the armed institution to which he belongs and for Guatemala itself.

I take advantage of this opportunity to announce that I have accepted Gen. Enriquez' resignation, which will go into effect today. I thank him for all his support and collaboration he has given us during his time in office. I also thank him for his integrity to allow us to resolve the various institutional and national problems. He is aware, as I have said before, that this measure will strengthen the democratic process, the state of law, and is especially advisable as a state response by the government itself, by the president, and by the armed institution.

Likewise, I announce that I have decided to appoint Division General Marco Antonio Gonzalez Taracena as new defense minister. [end recording]

Human Rights Ombudsman Orders Investigation

PA0710175495 Guatemala City Televisiete Television in Spanish 1900 GMT 6 Oct 95

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Stressing that the official reports on the massacre in Chisec, Alta Verapaz Department, are filled with confusing and contradictory remarks, Human Rights Ombudsman Jorge Mario Garcia Laguardia ordered an immediate and autonomous investigation by government commissions. Garcia Laguardia today expressed his indignation over the bloodshed that took place in a cooperative of repatriates in Chisec yesterday, when 10 people were killed and 18 injured. The defense

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minister has accepted responsibility for this attack in the sense that the action was perpetrated by members of the Armed Forces.

Garcia Laguardia said he immediately ordered an urgent and autonomous investigation by a commission that will include Augusto Diaz, assistant human rights ombudsman, and Benjamin Cordero, coordinator of the Project for Refugees and Repatriates. Both Diaz and Cordero are members of the Mediation and Verification Commission of the agreements signed by the repatriates and the government.

The commission will go to the site of the massacre and will begin the investigations to clarify the incident. The commission of the Office of the Ombudsman for Human Rights this morning flew to the site to begin working on the case.

Survivor Blames Soldiers for Massacre

PA0610223795 Panama City ACAN in Spanish 2105 GMT 6 Oct 95

[FBIS Translated Excerpt] Guatemala City, 6 Oct (ACAN-EFE) — "The soldiers got pissed off and fired. I dove for the ground but they shot me in one foot," said Rosenda Ortiz, one of the survivors of the massacre of 10 peasants perpetrated by the Army in the northern Department of Alta Verapaz.

Ortiz was transported today in a helicopter from the town of Chisec to a hospital in the capital, after being injured in the right foot, and at the "La Aurora" International Airport, she told the press how things happened.

According to her account, the soldiers arrived in the town of "Aurora 8 de Octubre" where the Guatemalans repatriated from Mexico were holding a meeting, and after peasants refused to allow them to participate, they began shooting and hurling bombs.

"They got pissed off and fired," commented Ortiz, who works organizing repatriated women to improve her community's development, according to her.

Meanwhile, another unidentified witness accepted that the repatriates insulted the soldiers, but explained that at no time did they disarm three soldiers as the Army reported. [passage omitted]

In the meantime, Army Spokesman Colonel Guillermo Caal reiterated that the military accepts the responsibility for the massacre, but explained that the investigations carried out by the high-level commission designated by President Ramiro De Leon Carpio and international organizations will determine the circumstances surrounding this incident.

Contrary to the report by another survivor, Caal said that the repatriates were the ones who invited the 25 soldiers to enter the community, that they disarmed and injured three soldiers, and that "to defend themselves" the soldiers were forced to fire.

The community of "Aurora 9 de Octubre" is comprised by 90 families (441 people) who were repatriated from Mexico to Guatemala on 14 October 1995 [date as received], according to the UN High Commissioner for Refugees (ACNUR).

ACNUR and the UN Mission for Guatemala (MINUGUA) regretted "deeply" this act of violence and expressed their commitment to continue working to clarify the massacre, the worst ever registered against the repatriated population.

President Meets With UN Envoy to Peace Process

PA0710022795 Guatemala City Teleonce Television in Spanish 0400 GMT 4 Oct 95

[From the "Telepress Newscast"]

[FBIS Translated Text] Guatemalan President Ramiro de Leon Carpio met today with Gilberto Schittler, representative of the UN secretary general and special envoy to the Guatemalan peace process.

The meeting with De Leon Carpio took place a day after talks were held between the UN representative and Jean Arnault, UN moderator at the peace negotiations, with the business sector to evaluate the implications of the illegal charging of the war tax by the URNG [Guatemalan National Revolutionary Unity].

De Leon Carpio said he found Schittler very optimistic.

[Begin De Leon recording] He informed me about the meeting he held yesterday with the Guatemalan business sector. I found him very optimistic in this regard. We talked about the topics and subtopics of the peace process, especially the socioeconomic and agrarian topics being discussed in Mexico. He informed me about the process. He said the talks will be resumed at the negotiations table on Wednesday of next week. He said there were some obstacles in this complex process, which deserve closer attention, but he shared with me his impressions of the handling of the topic and said he believes that next week, according to the draft documents requested from the United Nations through the moderator, we could have a greater certainty about the progress made in this topic. That was the main topic; however, we took advantage of the opportunity to trade opinions about the peace negotiations process, the overall situation, and the progress that has been made. He said the secretary general is pleased with the

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process, with the efforts of the government, the way we have behaved when discussing the various topics, and the progress we have made in these two years of negotiations, and, I repeat, there is great optimism. [end recording]

Envoy: Massacre To Affect Peace Talks

PA0710003995 Madrid EFE in Spanish 2041 GMT 6 Oct 95

[FBIS Translated Text] Guatemala City, 6 Oct (EFE) — Argentine Monica Pinto, UN human rights adviser for Guatemala, said today that the killing of 20 peasants perpetrated by the Army yesterday will affect the peace process and the general elections scheduled for 12 November.

Pinto arrived today at noon to review the situation of individual and collective rights in this country, where a nondeclared civil war persists.

In a statement for the press at "La Aurora" international airport, Pinto said that yesterday's massacre will affect peace talks, which have been a point of reference for Guatemala.

According to recent reports, 10 peasants who had returned from Mexico one year ago died, while 18 others were wounded in a confusing incident between peasants and a military patrol in the "Aurora 8 de Octubre" community, Chisec, Alta Verapaz, in northern Guatemala.

Pinto said that the killings will also have an effect on the general elections, but clarified that in order to have a clearer opinion, she will meet with President Ramiro de Leon Carpio to obtain first hand information on the incident. She noted, however, that her first impression "cannot be positive."

Pinto will be in Guatemala for nine days, during which she will meet with members of the Executive, Legislative, and Judicial branches, and nongovernmental organizations to learn about the current status of human rights.

Minister: Guerrillas Decimated for Several Years

PA0910201495 Guatemala City LA REPUBLICA in Spanish 2 Oct 95 p 4

[FBIS Translated Text] Defense Minister Mario Rene Enriquez has said the guerrillas have been decimated for several years and have only a very low military presence. He added that they carry out propaganda actions in certain sectors and have a few assault positions, noting that their worst crimes are the "war taxes" and kidnappings although not all are attributed to them.

According to Enriquez, guerrillas have been decimated since 1983, and their propaganda is huge although their military activity has been minimized.

He said the guerrillas' military presence is limited to assault positions. He has admitted one soldier was wounded while the Army was trying to dismantle one of those assault positions.

Last week, the guerrillas installed several assault posts, particularly in Chimaltenango, Colomba, and Quetzaltenango, where they clashed with members of the Army.

One of the most recent positions installed by the rebels was at km 96 of the Inter-American Highway, Chimaltenango jurisdiction, where 60 individuals, heavily armed men and women, stopped traffic, identified themselves as members of the URNG [Guatemalan National Revolutionary Unity] and stole money and valuables from travelers.

A similar incident was reported on the road to Colomba, Quetzaltenango, where several guerrillas wearing uniforms similar to the ones worn by Army personnel stopped drivers to demand war taxes from them.

Guerrilla actions, particularly the charging of war taxes, have been denounced especially by farmers and industrialists in the country who have been victims of those transgressions more than once.

Certain actions have been perpetrated by common criminals who take advantage of guerrilla actions to commit their crimes, particularly on the most isolated roads in the country.

In view of the situation, CACIF [Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations] has asked the government to withdraw from the peace talks with the guerrillas, but the president has said it was impossible to abandon the talks, which were in good standing.

Guatemalans hope the signing of a peace agreement between the government and the guerrillas will put an end to the internal armed conflict that for 34 years has caused thousands of deaths, victims of the sterile war that still continues in our country.

Minister Denies Military To Influence Patrolmen's Vote

PA0810021795 Guatemala City Teleonce Television in Spanish 0400 GMT 5 Oct 95

[From the "Telepress Newscast"]

[FBIS Translated Text] The defense minister has said that the patrolmen belonging to the Civilian Self-Defense Patrols [PAC] will not receive any pressure

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from military authorities to vote for a specific candidate in the upcoming 12 November elections.

[Begin recording] [Defense Minister Mario Rene Enriquez] They have always been free to cast their vote for whomever they want. This has been the case since the 1985 general elections, when Vinicio Cerezo Arevalo won the election, and the National Constituent Assembly was elected. You can ask the members of the PACs. They belong to different political parties.

We don't have anything to do with that, nor are they being forced to vote for a particular candidate.

[Unidentified reporter] However, it has been said that in the recent elections PAC members were manipulated.

[Enriquez] It would be nice to find this out. It would be nice if you interviewed PAC members in Quiche, Huehuetenango, and Alta Verapaz, to see if any soldier is told who to vote for. If a militaryman tells PAC members who they should vote for, we will throw that officer in jail. PAC members are free to vote for whomever they want. They know this very well.

[Reporter] The military commissioner said it is necessary to create another apparatus to replace the....

[Enriquez, interrupting] That may be true. For now, they have been legally demobilized, though the legislative decree for that has not yet been issued. But eventually and further on, perhaps within one year, two years, or 10 years, I don't know when, this figure will be eliminated. This figure was not created in vain in 1938. I believe it is important for the national life. There are many places where residents feel unprotected, and the PACs were really the only authority present in those areas. Not anymore, though.

[Reporter] The possibility of creating the figure of assistant mayors was mentioned. Would they have any connection with the Army?

[Enriquez] The figure of assistant mayor exists in Guatemala. Those of us who have lived long in the rural area know very well assistant mayors in villages, townships, etc. But authorities are trying to strengthen this figure at the local authority level, so as to enable local authorities to exert control and be effective. [end recording]

Honduras

Police Campaign To Confiscate Weapons

96P20004

[FBIS Editorial Report] San Jose LA NACION in Spanish on 15 September 1995 reports that on 14 September, Honduran police seized 46 AK-47 rifles and a score of handguns and ammunition in the city of Choluteca, bordering Nicaragua.

Public Security Forces (FSP) spokesman Danilo Orellana said that 22 of the AK-47's were confiscated from Enrique Weddle, a Choluteca businessman, who denied ownership. The police also confiscated 50 magazines and 2,000 shells for AK-47's, an Uzi submachine gun, and seven pistols from other unidentified people.

Orellana said the arms seizures were "only very recently carried out in Choluteca" and that "they would continue the operations at a national level." The police calculate that between 30,000 and 40,000 illegal arms are moved within the country; the majority being AK-47's, the weapon most used by criminals in Honduras.

According to official police reports, an important arms black market operates in the country, especially in the southern and eastern regions bordering Nicaragua.

In a related story, LA NACION reports that the police announced they will begin, on 18 September, a general disarmament of civilians to combat a growing wave of violence in Honduras. FSP spokesman Danilo Orellana said "It is the only way we have to stop crime. The civilian population will be deprived of weapons used exclusively by the Army and the police."

He said that on Monday the police will begin an intense public campaign to discourage the possession and carrying of weapons, while urging citizens to surrender their weapons. "We have already begun steps to confiscate Soviet AK-47 and FAL rifles, also machine and submachine guns." The population will only be allowed to use, with prior authorization, 22-caliber weapons, 38-caliber shotguns, and 22-caliber rifles.

Approximately 7,000 persons died and another 3,799 were wounded in 1994 as a result of crimes, which is a 500 percent increase from 1993 and has drastically affected foreign investment.

On 19 September, LA NACION reports the FSP released a communique prohibiting carrying rifles and carbines with caliber seven, 7.62, eight, and 11, and nine and 45 mm automatic or semiautomatic pistols. It also prohibited machine and submachine guns, submachines guns of any type and caliber, like AK-47's and Uzi, among others.

Between January and August 1995, 1,445 Hondurans died and another 1,554 were wounded in criminal attacks. Also 259 armed assaults were committed (among these were dozens of attacks on banks), and almost 1,200 vehicles were stolen according to police reports.

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Nicaragua

Property Mediation, Arbitration Office Opens

PA0810041695 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 5 Oct 95

[From the "National Newscast"]

[FBIS Translated Text] The Rural Property Mediation and Arbitration Office [Oficina de Mediacion y Arbitraje de la Propiedad Rural] has been inaugurated. It will mediate between natural persons and legal entities in property conflicts, and it will arbitrate between the state and private citizens.

The initiative is part of an overall program to support the expediting of procedures regarding property, and it will be managed by the UN Development Program and financed by the governments of Sweden, the Netherlands, and Canada, as well as the IDB.

[Begin UN Representative Francesco Vincenti recording] The development program of the United Nations, as a member of the international community that sympathizes with Nicaragua, is prepared to provide logistical support and technical installation support, simply as an additional measure to the basic elements for a solution of this problem.

The Nicaraguan people, private sector, political groups, and various state branches are willing and able to negotiate and reach a settlement. We offer this support and hope Nicaraguans find a prompt solution that is acceptable for all; a solution that turns something that was a factor for division and stalemate into a factor for unity and progress. [end recording]

The office's area of authority will include cases of rural property conflicts caused by confiscations, expropriations, and takeovers which have occurred since 1979. The office has a directorate board comprised of the leading producers' organizations. It has an autonomous character and will be the maximum authority.

[Begin coordinator Alvaro Herdocia recording] It will establish the office's policies, priorities, and regulations; it will appoint an executive secretary and submit lists of mediators and arbitrators to comprise the mediation and arbitration commissions. The executive secretary will be the expert in charge of the office's activities, both the operational role and the mediation role itself. He will be the main mediator and will comprise specific mediation commissions for the cases submitted to the office. [end recording]

The agencies in charge of the project's implementation will be the Finance Ministry and the Supreme Court of Justice.

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Argentina

President Menem Returns From Far East Visits

PY0910163095 Buenos Aires TELAM in Spanish 1919 GMT 7 Oct 95

[FBIS Translated Excerpt] Buenos Aires, 7 Oct (TELAM) — President Carlos Menem arrived today at Ezeiza International Airport after visiting the United Arab Emirates, South Korea, the PRC, and the Philippines, a trip that had him out of the country for two weeks.

Menem arrived in the capital at 1450 on board the presidential plane Tango-01 "Virgen de Lujan." He was met by Interior Minister Carlos Corach and Buenos Aires Mayor Jorge Dominguez. The chief of state then went by helicopter to the Olivos presidential residence, where he will rest, and at 1810 he will watch on television Diego Maradona's official debut with the Boca Juniors soccer team against Colon of the city of Santa Fe, according to official sources. [passage omitted]

Cavallo's Tour of U.S., Italy Previewed

PY0610125995 Buenos Aires TELAM in Spanish 0107 GMT 6 Oct 95

[All names as received]

[FBIS Translated Text] Buenos Aires, 5 Oct (TELAM) — Economy Minister Domingo Cavallo is leaving for Washington, D.C. tomorrow to participate in the annual meetings of the IMF and the World Bank [IBRD].

Cavallo will arrive in Washington at 0900 on 7 October accompanied by Finance Secretary Ricardo Gutierrez and Economic Planning Secretary Juan Llach. In the afternoon, he is to meet with Makoto Utsumi, the former Japanese finance vice minister.

On 8 October, the economy minister will begin his working day with a presentation at the International Finance Institute.

Cavallo will then participate in a meeting of the IMF Interim Committee, after which he will attend a cocktail party hosted by Goldman, Sachs, and Company.

On the morning of 9 October, the economy minister is to deliver a speech on the Argentine economic situation during a seminar on the Latin American banking crisis organized by the Group of 30.

At 1700, Cavallo is scheduled to hold a meeting with the Argentine delegation and will subsequently attend a cocktail party hosted by the economist Rudy Dornbush.

On 10 October, the economy minister is to have a working breakfast with IBRD Director James Burki. He will then attend the opening ceremony of the annual meetings of the IMF and IBRD at 1000.

At noon, the minister is to meet with IBRD Vice President Sahid Hussain, after which he will have luncheon with the western hemisphere delegation.

The head of the Economy Ministry is slated to meet with IBRD President James Wolfenson at 1400. He will later participate in a ceremony in which the IBRD and Argentina will sign a loan agreement to be earmarked for municipal development.

At 1730, Cavallo is to hold talks with Paul Labbe, chairman of the Exports Development Corporation from Canada, and will end his working day by attending a reception offered by the Republic National Bank.

On 11 October, the economy minister will travel to New York, where he will attend a banquet at the Economic Club together with Mexican President Ernesto Zedillo. On 12 October, Cavallo will dine with financiers and investors.

In the afternoon, the economy minister will attend a reception at the 34th plenary session of the Group of 30. He is scheduled to leave for Williamsburg at noon on 13 October.

On the evening of 13 October, Cavallo will attend a banquet in which U.S. President Bill Clinton will give a speech. On the morning of 14 October, the economy minister is to deliver a talk at the U.S. Business Council.

Upon concluding his activities in the United States, Cavallo will leave for Italy. His arrival in Rome is expected on the morning of 15 October. Cavallo will immediately fly to Turin, where he will have a working breakfast with Argentine businessmen on 16 October.

After having luncheon with Giovanni and Susana Agnelli, Cavallo is to participate in a ceremony at the University of Turin at 1530 in which he will be conferred an honorary degree.

At 1000 on 17 October, the economy minister is scheduled to attend a seminar organized by the San Paolo and Invertir Foundations, during which he will give an address on the Argentine economic situation and on investment possibilities in that country.

Cavallo will hold several meetings with entrepreneurs on that and the following days. He is to return to Argentina at 1700 on 18 October and is scheduled to arrive in Buenos Aires at 0840 on 19 October.

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Trade Promotion Agreement Signed With Tunisia

PY0610165195 Buenos Aires TELAM in Spanish 0130 GMT 5 Oct 95

[FBIS Translated Text] Buenos Aires, 4 Oct (TELAM) — Marcelo Avogadro, the under secretary for international trade relations, has announced that Argentina and Tunisia signed an agreement today to promote trade relations and exchange information for carrying out joint ventures that would allow them to penetrate other markets.

Avogadro told TELAM: "The agreement provides us with an appropriate legal framework to work coordinately with Tunisia in promoting bilateral trade and probing opportunities for carrying out joint ventures that would enable us to enhance our export capacity."

The agreement was signed between the Export.Ar [as received] Foundation of Argentina and the Export Promotion Center of Tunisia.

The Argentine Foreign Ministry official indicated that, in addition to promoting trade relations, the agreement established a "commitment" to exchanging information on customs regulations, statistics, and duties.

"The two parties will encourage the participation of Argentine and Tunisian companies in economic and commercial activities" in both countries and the establishment of partnerships "aimed at penetrating other markets."

Upon emphasizing the significance of this trade agreement, Avogadro indicated that the Argentine companies could enter partnerships with other Tunisian companies to penetrate the European Union market.

Avogadro noted: "Tunisian products enter Europe without any problems and with barely 40 percent of domestic components, thus offering a wide margin for producing goods with Argentine raw materials."

Trade between Argentina and Tunisia totalled $29.2 million in 1994, with a favorable balance of $24.7 million. The main export products were animal food, fats, and animal and vegetable oils. Imports include fuels and Tunisian fertilizers for the agricultural sector.

Tunisia has an open economy, maintains relations with international financial centers, and has managed to reduce its fiscal deficit to 1.9 percent of its 1994 GDP.

Eighty percent of the Tunisian exports go to Europe whereas imports mainly come from France (27 percent) and Italy.

During the past few years, Tunisian imports have been increasing significantly, thus prompting a trade balance deficit. Tunisia now wants to reverse this deficit by promoting exports through operations with local companies and joint ventures with industries from other countries.

Economic Situation of Provinces Viewed

PY0610164295 Buenos Aires AMBITO FINANCIERO in Spanish 25 Sep 95 p 18, 19

[Report by Javier Vemengo]

[FBIS Translated Text] The climate surrounding the 1996 discussions on federal revenue sharing will be strongly conditioned by provincial financial breakdowns and social economic crises. The violent outbreak in Rio Negro, for instance, is inexorably linked to this fiscal and financial crisis which affects several Argentine provinces. Rio Negro has a monthly operative deficit of around $10 million, it has practically used its share of the federal revenue-sharing scheme, and it has a fiscal deficit equivalent to 18.7 percent of total spending. The Rio Negro provincial government is one of the hardest hit by the lack of financial resources in the provinces. The situation is well described in a confidential report produced by the Under Secretariat for Fiscal Relations with the Provinces. A few copies of this report were distributed among a select number of officials at Chapadmalal [a meeting on 18-19 September attended by Economy Minister Domingo Cavallo and the entire economic team]. AMBITO FINANCIERO had exclusive access to a copy of this report.

Evaluating the fiscal and financial situation in Rio Negro Province, the confidential report says: "The province cannot resort to federal revenue-sharing funds from July until at least the middle of October. The province has been unable to pay salaries in July and August or the midyear bonus to public employees. The debt with pensioners, legislative employees, teachers, etc. is even greater. This situation involves municipalities where the lack of resources has created a highly complex situation."

Imbalances

The report is entitled: "Provinces: Recent Fiscal Evolution." It is dated September 1995 and opens with a brief summary of the deficit in the consolidated total budget of the 24 jurisdictions. The report is based on basic fiscal performance indicators for the 1990-1995 period and an analysis of the short term evolution of each of the provinces and the Federal Capital.

Alarming

The situation of crisis described by the report is, in some cases, really alarming. When one Finance Ministry official learned that AMBITO FINANCIERO had a

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copy of the confidential report he requested prudence in the use of the information it contains, making clear that the document was only a preliminary report.

The report says that the provinces have financial needs amounting to more than $2.79 billion this year. This is equivalent to 9.6 percent of all jurisdictions' spending. The provinces also need to spend 6.7 percent of all their resources to serve their debt and an additional 4.8 percent for extraordinary spending. The report adds:

— An analysis of the fiscal situation of the provinces shows increasing financial unbalances in a framework of macroeconomic failures that greatly affect tax collections and access to private financing (limited and expensive).

— The fiscal weakness of provincial public administrations has provoked social conflicts. In some cases those conflicts are still unresolved. The room to maneuver among some provincial authorities is limited by the difficult economic situation in the region and their inability to absorb idle workers, a central component in provincial administrations cost structures.

After reviewing provincial indicators, the Economy Ministry concludes: "The deficit in genuine financing increased significantly as of 1993. It reached 8 percent, 8.1 percent, and 9.6 percent of total spending in 1993, 1994, and 1995, respectively." During these years the deficit was partially financed with extraordinary resources derived from compensation of debts contracted by the national government and provincial administrations indebtedness. At the end of 1994 the total registered and accrued debt of the 24 provincial jurisdictions was $12.28 billion. The report continues:

— Per capita provincial public spending practically doubled between 1990 and 1995. The participation of the item current accounts in provincial spending practically excluded all other spending from the budget (86.7 percent in 1995). The main revenues — federal revenue sharing (CFI) and provincial taxes — show a per capita increase that easily double 1990 revenues. "The deficit during the 1990-1995 period continued to increase, however, showing that public spending policies were far from being in line with revenue levels, independent of the excellent evolution of genuine financing."

Great Incidence

— Even though the servicing of provincial public debts does not have a significant incidence in provincial budgets (in 1995 it represented 6.7 percent of all 1995 provincial spending) the problem has "great incidence in financial terms. The scarcity of credits, harsh conditions, and the effect on the federal revenue sharing fund — which is used to guarantee and a way to repay credits — implies serious restrictions on the administration of provincial funds."

— Public spending adjustment policies, even though necessary and possible in some cases, "create serious problems as a result of the high unemployment rates in the provinces, which makes it difficult to reinsert in the labor market those public workers who were hired in excess and then dismissed."

— The provinces, through the national government, had access to loans granted by international financial organizations to implement necessary structural reforms in provincial administrations, but results "were not overwhelming" because the need to coordinate programs with national policies forced "the suspension of successful processes to transform provincial administrations."

— Most provinces have squandered the extraordinary resources provided by the central government as debt compensations, and used the money to finance their current spending needs with these consequent harmful effects: "Provinces wasted a historic opportunity to resolve regional economies' structural problems. When extraordinary resources dried up, the current spending needs that they were financing created a fiscal deficit that exceeded all possibilities of a reasonable financial administration."

The confidential report mentions as pending issues, within the framework of recommended policies, the following:

— The establishment of a bonus and sanctions regime that seeks equal treatment for all provinces. The report says: "Loans granted to provincial governments established conditions and sanctions in case goals and terms for the implementation of policies were not met. In practice, however, the national government has not found a mechanism to punish provinces that do not administrate public funds well, without causing major problems to their populations."

Pensions

Provinces must implement a system similar to the one the nation implemented in the area of social security benefits. "It is time to have a unified national social security system, eliminating privileges, coordinating policies on elderly people, and eliminating provincial deficits." It is worth recalling that, except for Buenos Aires, Catamarca, and Santiago del Estero, all other provinces have their own pension systems, which, with some exceptions, constitute an important factor in provincial budget deficits.

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A survey of all jurisdictions revealed that the situation is most delicate in La Rioja, Cordoba, Rio Negro, Tucuman, Santiago del Estero, Chaco, Formosa, and Entre Rios. In these provinces the availability of federal revenue-sharing funds is very limited because the funds were committed to pay off short-term debts and because the budget deficits of these provinces generate financial needs that are incompatible with possible public spending levels and the scarcity of credits.

Provincial Congresses Appoint New Senators

PY0610170095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1123 GMT 6 Oct 95

[FBIS Translated Excerpt] Buenos Aires, 6 Oct (NA) — The Buenos Aires Provincial Congress has unanimously appointed Almirante Brown Mayor Jorge Villaverde (PJ) [Justicialist Party] and Deputy Leopoldo Moreau (UCR) [Radical Civic Union] as the senators for Buenos Aires Province. They will hold their seats until 2001.

The Mendoza Provincial Congress yesterday appointed Vice Governor Carlos De la Rosa (PJ) and UCR Senator Jose Genoud as the senators for Mendoza Province. They will hold their seats for six years as of 10 December.

The San Juan Provincial Congress appointed Jose Luis Gioja, a Menemist [deputy for San Juan Province], San Juan Bloc Senator Leopoldo Bravo, and Renewal Crusade Senator Alfredo Avelin as the senators for San Juan Province.

Buenos Aires Province Senator Villaverde succeeds Senator Edison Otero (UCR), whose mandate expires on 9 December. Moreau becomes the third senator for Buenos Aires Province, as established in the reformed Constitution. [passage omitted]

Government Donates $1 Million to White Helmets

PY0610192795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2028 GMT 5 Oct 95

[FBIS Translated Text] Buenos Aires, 5 Oct (NA) — The Argentine Government has made a special $1 million contribution to the multinational fund administering the "White Helmet" program in various countries.

Octavio Frigerio, head of the National White Helmets Commission, made the announcement. He said the contribution to the United Nations, the organization responsible for administering the fund, will be returned via the private sector, which must finance the food and sanitary missions.

The official gave details of the Argentine White Helmets mission, comprising 10 members, in Haiti. They are distributing food sent by developed countries like Canada and the United States, and the 14 metric tons of corn sent by Argentina.

Frigerio stressed that the White Helmets, once they are in their final location, lose their identity to become United Nation volunteers. Frigerio said the next missions will be in Tarija (Bolivia), Africa, Cisjordan, and later, in Palestinian territory.

With respect to the mission in Haiti, Frigerio said Argentine volunteers are working in the distribution of world aid, eliminating bureaucratic hurdles, particularly in Port-au-Prince, where the merchandise has to pass through 38 custom controls.

Frigerio added: "Those controls were tarnished by corruption, the loss of aid, the disappearance of entire containers, and other irregularities."

During a recent meeting with Haitian President Jean Aristide, Frigerio discussed Argentina's port deregulation and later mentioned that the Haitian president told him Haiti will adopt a similar plan.

'Serious Clashes' Mark Demonstrations in Rio Negro

PY0610164795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2124 GMT 5 Oct 95

[FBIS Translated Excerpt] General Roca, 4 Oct (NA) — The serious clashes between security forces and General Roca public administration employees demanding payment of overdue salaries ended with several injured, labor leaders arrested, and buildings damaged.

The incidents started shortly after midday. A demonstration had been called within the framework of the second regional march organized by the Rio Negro Unions Front (FGR), which had widespread workers' support in this city.

The violence started when a group of about 20 individuals broke away from the column of demonstrators and began to stone the front of the Municipal Building where they clashed with National Borders Police and the local group BORA [expansion unknown] who were guarding the building.

The police answered the pelting stones and tomatoes with tear gas and rubber bullets. The effort to disperse the demonstrators failed because they continued to burn tires in nearby streets. [passage omitted]

Workers in Bariloche mobilized within the framework of a second regional protest organized by the FGR in the province to protest over the failure of the state administration to pay state workers salaries and for the decision to cut salaries.

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Labor leaders estimated that the march attracted "more than 2,000 followers" and warned that "incidents occur because salaries have not been paid for the past three months."

The protest march was supported by many public employees in this city. It ended without incidents.

State workers occupied downtown streets, however, and burned tires in a protest that had the support of judicial and municipal workers and pensioners associated to the ATE [State Workers Association] and the National Civilian Personnel Union (UPCN). [passage omitted]

[Buenos Aires NOTICIAS ARGENTINAS in Spanish at 0109 GMT on 6 October reports: "A group of demonstrators violently clashed with the Rio Negro Special Police outside Government House in Viedma. The incident followed a provincial state workers' march."

"The police agents used tear gas to disperse the demonstrators who were stoning Government House, which was tightly guarded."

The report adds: "Viedma's municipal building, the headquarters of the provincial legislature, and Governor Horacio Massaccesi's residents were also stoned."

The report concludes: "These incidents ran parallel to grave confrontations in the town of General Roca this afternoon that ended with at least a dozen people injured and some 50 arrests."]

[Buenos Aires NOTICIAS ARGENTINAS in Spanish at 0147 GMT on 6 October reports: "The private residence of Edgar Massaccesi, a cousin of Rio Negro Governor Horacio Massaccesi and a former provincial bank president, was looted and burned down by a group of demonstrators tonight at the end of a state workers protest march."

The report adds: "Earlier, at around 1900, demonstrators broke the windows of a shop in downtown Villa Regina owned by Radical [Radical Civic Union, UCR] National Deputy Ana Piccininni."

The report continues: "The residence of the governor's cousin — a two story building on the downtown Villa Regina Street of Monsenor Esandi — burned down completely because the attackers took the firefighters' hoses and tied them to a column thus preventing them from putting out the fire."]

Bolivia

President Departs on Two-Week Trip to Europe, U.S.

PY0910162995 Madrid EFE in Spanish 1926 GMT 7 Oct 95

[FBIS Translated Text] La Paz, 7 Oct (EFE) — President Gonzalo Sanchez de Lozada departed today from La Paz on a trip to European and American cities aimed at maintaining official contacts and achieving greater international cooperation for Bolivia.

Sanchez de Lozada departed from the El Alto city airport at 1425 [1825 GMT] on a private Aerosur flight to the city of Santa Cruz, in eastern Bolivia, where he board an international airliner that will take him to Rome, the first stopover on his two-week trip.

The Bolivian chief of state is traveling with Foreign Minister Antonio Aranibar, and before departing he highlighted the importance of the international meetings to be held as part of the government's goal of strengthening cooperative ties with several countries.

Arrives in Rome

PY0910195495 Madrid EFE in Spanish 1825 GMT 8 Oct 95

[FBIS Translated Text] Rome, 8 Oct (EFE) — President Gonzalo Sanchez de Lozada arrived in Rome today on the first stage of a European and South American trip, which will also include France, England, Argentina, and Colombia.

The Bolivian president will meet with Pope John Paul II on 14 October in the Vatican, followed by an official visit to the Sistine Chapel.

During the first stage of his Rome stopover, Sanchez de Lozada will be on a private visit until 1750 GMT on 9 October, when he will depart for Paris.

In Rome, Sanchez de Lozada will meet with the executives of Euro Telecom International, which recently won the bid for the construction of the telecommunications system of the Andean country. He will also hold a news conference.

Drug Trafficking Seen as National Security Threat

PY0610190895 La Paz PRESENCIA in Spanish 22 Sep 95 Section 1 p 6

[FBIS Translated Excerpt] Defense Minister Jorge Otasevic last night said the infiltration of a powerful drug trafficking organization in a FELCN [Special Antinarcotics Force] unit in El Alto has alerted the Armed

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Forces to the threat of this illegal activity for our national security and sovereignty.

He told PRESENCIA and a national news agency that trafficking is the main threat to the country and its armed institutions.

The defense minister said: "I think trafficking becomes really dangerous when it is an internal power with the ability to undermine the democratic process and its important institutions."

He added: "Any institution cooperating with trafficking from inside is a high-risk factor for the country, and the Armed Forces are concerned about it. We hope the organizations it has infiltrated can correct the problem."

Otasevic's remarks came in answer to a question on the opinion of the Military High Command on the antinarcotics operation last 15 September which was frustrated due to the infiltration of the powerful "La Paz Cartel" in the FELCN unit in El Alto.

Otasevic said: "Like all Bolivians, the Armed Forces view the situation with great concern. These trafficking organizations have great power and great capacity to export cocaine. The Armed Forces as well as the country are greatly concerned." [passage omitted]

Drug Traffickers From Inside

The defense minister said that when a criminal organization infiltrates a unit that is designed precisely to neutralize it, the risk for the security of the country is really grave and the Armed Forces sees the situation with great concern. The minister did not disclose any direct actions to confront this problem.

Otasevic said: "The Armed Forces will study the situation and take the appropriate measures if it becomes clear that trafficking represents a threat to our national sovereignty."

The minister praised the work of antinarcotics agencies in the country. He said: "So far we have taken great strides toward eradicating coca plantations, destroying maceration pits and cocaine factories, and eliminating this organization. I hope we will do just that."

People Detained, Released in 'Drug Plane' Case Listed

PY0610154095 La Paz PRESENCIA in Spanish 27 Sep 95 p 7

[all names as published]

[FBIS Translated Excerpt] The Special Antinarcotics Force (FELCN) continues to detain suspects, accomplices, accessories, and members of the so—called "La Paz Cartel" while other people, who were initially indicted, are being released. The National Antinarcotics Police Commander's office officially reported on 26 September the detention of six other people allegedly linked to the drug-trafficking organization, which is being assailed with the investigations and the detention of its members.

Luis Amado Pacheco Abraham, Luis Fernando Rivero Liendo, Guillermo Mariano Munoz Rodriguez, Luis Eduardo Dorado Erland, Americo Marco Antonio Alfaro Palma, Justino Zeballos Maldonado, Lieutenant Colonel Alex Alipaz Pacheco, and antinarcotics policemen Ramiro Balboa Callisaya and Vidal Valentin Flores Loza were initially detained. [passage omitted]

The FELCN also detained and interrogated Victor Hugo Asbun Barrientos, Ivan Villegas Dominguez, Mario Yany Unzueta Gualterio, Miguel Pinaya Fernandez, Abel Flores Mamani, Miguel A. Salazar Ordea, Marcelo Jose Telleria Argani, Elizabeth Reguerin Mendoino, and two El Alto Customs officials.

Pedro Choque Limachi and Isabel Martina Borth Pelaez are among the detained AASANA [Auxiliary Air Navigation Services Administration] officials. Other AASANA officials who have also been detained are Jorge Raul Gallardo Sempertegui, Isabel Telez Sabarra Vargas, Armando Rodriguez Lovadoy, Emigdio Mairana Nova, Ana Maria Luisa Lazarte, and Ricardo Benigno Zabala Guarachi.

Enrique Guzman Meave has also been arrested. Hugo Gerardo Zenteno Brun went to the police on his own will.

Released

The authorities have released Customhouse officials Elizabeth Requerin Mendoino, Ivan Villegas Dominguez, Victor Hugo Barrientos, Mario Yani Unzueta Gualterio, Miguel Pinaya, Abel Flores Mamani, Miguel A. Salas Olvea, and Marcelo Jose Telleria Argani.

Isabel Teresa de Barral Vargas, Armando Rodriguez, Ana Maria Luisa Lazarte, Emigdio Maydana Nava, Ricardo Benigno Zabala Guarachi, and Ernesto Vilaplana Aramayo have also been released, but must report as often as required.

More People Detained in 'Drug Plane' Case

PY0610154695 La Paz PRESENCIA in Spanish 29 Sep 95 p 7

[FBIS Translated Excerpt] (Bolivian Radio Schools) — The Special Antinarcotics Force (FELCN) has reported that eight people have been detained over the past few

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hours. It is believed they are involved in the "shipment" of more than 4.1 metric tons of cocaine to Lima, Peru.

According to an FELCN communique, the list is as follows:

1. Ivan Villegas Dominguez (a Customs Department official);

2. Alberto Choque Mita (a policeman responsible for a drug-sniffing dog);

3. Luis Marcial Romero Davila (an AASANA [Auxiliary Air Navigation Services Administration] employee);

4. Luis Fernando Concha Urquizo (an employee working for Luis Amado Pacheco, the alleged leader of this drug ring);

5. Miguel Navarro Piza;

6. Ramiro Rolando Olmos Angulo;

7. Maria Rosario Flores de Toro; and

8. Alvaro Fernando Toro Schnorr. [passage omitted]

Brazil

President Backs Finance Minister on Economic Reactivation

PY0610154795 Sao Paulo FOLHA DE SAO PAULO in Portuguese 4 Oct 95 Section 1, p 8

[Article by Sonia Mossri]

[FBIS Translated Text] President Fernando Henrique Cardoso will adopt measures next year through which he intends to reactivate the economy — even though he refuses to talk about a recession.

The measures provide for increased credit, a significant drop in interest rates, action to overcome unemployment, and changes in the exchange rate policy.

This reflects a victory for Finance Minister Pedro Malan and Gustavo Franco, director of the Central Bank International Affairs Department, over Planning Minister Jose Serra and Communications Minister Sergio Motta.

Serra and Motta favor the immediate implementation of anti-recession measures. The Finance Ministry believes an abrupt interest rate drop and the expansion of the money supply would jeopardize the Real Plan and push up the inflation rate.

Serra's only ally at the Finance Ministry is Economic Policy Secretary Jose Roberto Mendonca de Barros, who advocates the immediate implementation of a broad easing of restrictions on credit and consumption.

Cardoso has already told his main allies in Congress that he wants to reactivate the economy next year, when municipal elections will be held.

The president talked about the subject with Jose Anibal, the PSDB [Brazilian Social Democracy Party] leader in the Chamber of Deputies; Germano Rigotto, the government leader in Congress; Inocencio Oliveira, the PFL [Liberal Front Party] leader in the Chamber of Deputies; Luiz Carlos Santos, the government leader in the Chamber of Deputies; Sergio Machado, the PSDB leader in the Senate; and Elcio Alvares, the government leader in the Senate.

Disagreements

Cardoso has a system for tackling disagreements between the Finance and Planning ministries.

He is sponsoring an increasing number of joint meetings between the teams of Malan and Serra. After listening to the divergent opinions of both teams, Cardoso has the final word. This is how he tries to prevent the disagreements from being made public.

The president does not always succeed. For example, on 29 September, there was another discrepancy between the two ministries.

Malan and Central Bank President Loyola announced that the privatization program would accept foreign debt certificates at their nominal value (without discounts).

On the same day, the BNDES [National Bank for Economic and Social Development] announced that the privatization program would accept only cash, but this information was rectified on 2 October, despite Serra saying on 3 October that the Rio Doce Valley Company would be sold for cash.

Interference

Serra's advisers secretly complain about interference by the Finance Ministry in matters that are the exclusive responsibility of the Planning Ministry, like privatization.

The Finance Ministry also complains about Planning Ministry interference in the definition of interest rates, credits, and the real-to-dollar ratio (exchange rate policy). Those matters are dealt with by the Finance Ministry and the Central Bank.

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Cardoso, Opposition Leaders Discuss Agrarian Reform

PY0710023695 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 6 Oct 95

[Report by Lourival Macedo at Planalto Palace]

[FBIS Translated Text] The Community in Solidarity Program will distribute, within 10 days, free food baskets nationwide among 20,000 families of landless workers. Settlers of two districts in Ceara State have already received free food.

Francisco Graziano, president of INCRA [National Land Reform and Settlement Institute], today made the announcement during a meeting held at Planalto Palace by President Fernando Henrique Cardoso with Workers Party [PT] President Jose Dirceu. Also attending the meeting were the PT congressional leaders, Senator Eduardo Suplicy and Deputy Jacques Wagner, and government economic experts.

Dirceu said he had come to Planalto Palace not to criticize the administration, but to submit an agrarian reform proposal. He said this is the type of truce the nation needs:

[Begin Dirceu recording] If the landless workers win, Brazilian society will also win. This is important. This is a national issue. It is not an issue for the PT alone. The PT has not approached the president of the Republic as a political party interested in promoting a banner, but by its desire to resolve a serious national problem. [end recording]

Dirceu handed a document to President Cardoso requesting that the admistration expedite agrarian reform in order to produce food and to create jobs. The document also calls for legal changes to vest INCRA with broader powers in terms of expropriations and for criminal sanctions for those charged with engaging in slave labor.

Central Bank Director on Reserves, Trade

PY0610144195 Rio de Janeiro O GLOBO in Portuguese 1 Oct 95 p 56

[Interview with Gustavo Franco, director of the Central Bank Foreign Affairs Department, by Regina Alvarez and Silvia Faria; place and date not given]

[FBIS Translated Text] [O GLOBO] When the Mexican crisis exploded, you said there was no concern over our level of foreign reserves because it is not beneficial to have permanently high foreign reserves. What has changed since then?

[Gustavo Franco] There are moments when it is not convenient to increase or reduce the reserves. As of July 1994 we had a sudden drop in the inflation rate and great liquidity. As a result, we purchased public certificates in circulation and drastically reduced the domestic debt. This, in itself, would have had an expansionist impact on the monetary policy. If we had accumulated reserves, the process of injecting money in the economy would have been made, not by reducing the domestic debt, but by increasing the reserves. It would thus have been foolish to continue to accumulate reserves at the rate of $2.5 billion per month, as occurred from January to June 1994.

[O GLOBO] This strategy, however, did not foresee the Mexican crisis and the trade balance deficits, right?

[Franco] We expected the exchange rate to increase. We implemented the program with an extremely devaluated exchange rate, which is different from an exchange-rate lag, and did not have very much space to move. The balance would be readjusted along the way because it was necessary, and desirable, to abandon the megasurpluses and reach a balance. It must be made clear that it is economically absurd to have trade megasurpluses for a long time because this would be like transforming Brazil into an exporter of capital. This only makes sense in situations like the one we faced during the 1982 crisis.

[O GLOBO] Does that mean the trade deficits were part of the strategy?

[Franco] At the time, the objective did not seem clear because imports resulting from a commercial deregulation, and from the drop in tariffs and exchange rate, would grow out of control. They doubled in less than a year. It was like an outbreak of imports that began and then became stable. Once this happened we reached a balance, and this is the way we should remain for a long time. Equilibrium in the trade balance signifies that the balance will be positive one month and negative the next. Seasonality is very important in this regard.

[O GLOBO] Did the Mexican crisis change the concept of the ideal level of reserves?

[Franco] The Mexican crisis has not changed anything at all. First, because it was clear to us that the Mexican crisis was not the end of the world. Second, we had the macroeconomic condition to face, without difficulties, a possible closing of the international capital market. In 1982, however, this did not occur. Those who managed the Brazilian economy then placed us in a situation much worse than Mexico's. In 1982, we had no possibility whatsoever of facing the situation. At the time of the Mexican crisis, however, we did.

[O GLOBO] Is this situation deemed comfortable?

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[Franco] I believe the situation is very good. Comparing July 1994 and the current situation, we realize that we no longer have trade megasurpluses and have reached an equilibrium. In addition, there is a greater tendency to attract foreign capital, which is a better sort of capital, because we have restrictions on short-term investments. I believe our trade surplus has reached a good level.

[O GLOBO] Even during the turbulent times, the exchange rate never reached 1 real [R] per dollar. How can that be explained?

[Franco] We began this program with an undervalued exchange rate. During debates on the exchange-rate lag this is sometimes forgotten. It is very clear that the country has changed very much as a result of the drop in inflation and the opening of the economy. There is no past parameter with which to compare the economy and say that the exchange rate lagged. In the past, Brazil had trade megasurpluses and needed an exchange rate to support them. The exchange rate was as wrong as the self-sufficiency objective.

[O GLOBO] In your opinion, what does the current exchange rate reflect?

[Franco] The rate reflects a new reality in its multiple dimensions. People have different perceptions of this reality, and this is normal. Some people buy, some others sell and the market is an average of these perceptions. In the current situation, it is not important whether the dollar rate becomes R1 or not. There is nothing magic about that. From the beginning, we opted for not being tied to any magic number. This was the mistake committed by our Argentine neighbors.

[O GLOBO] Doesn't the psychological aspect of the issue count in this case?

[Franco] I believe not. At the beginning everyone pays attention to magic things. It is like the increase in fuel price. It increased, however, and nothing happened. Soon — I don't know whether in six months, a year, or five years — the dollar will be equal to R1 and nothing will happen either.

[O GLOBO] Considering the scenario you described, we can conclude that there is no pressure to reach this parity.

[Franco] None at all. On the contrary, the level of reserves has been constantly increasing because the Central Bank has been buying dollars and, thus, increasing its reserves.

[O GLOBO] Has the equilibrium of the trade balance been ensured, because we do not know exactly how imports will behave in the future?

[Franco] The trade balance is analyzed within the framework of a one-year or two-year span. Normally, the three last months of the year are weak because a lot is imported in November and December. The first three months of the year are weak because there are few exports in January and February. To have a zero trade balance in the year there must be deficits in January, February, November, and December, and big surpluses in June and July, which are the harvest months. This is the normal behavior.

[O GLOBO] Have the drains already been closed?

[Franco] There are no drains, except in the case of cars. There has been the expected decompression of a system that repressed imports at absolutely artificial levels, which were equivalent to 4 percent of the GDP. This does not happen even in the PRC.

[O GLOBO] The consolidation of this stabilization depends on a fiscal readjustment. Considering that this is conditioned to approval of reforms, how long will it be necessary to wait to be able to say that inflation has been defeated?

[Franco] We can never say we have definitively defeated inflation. It is like an animal that is always waiting for you around the corner. We must permanently maintain the fundamental stabilization requirements, such as a balanced budget, equilibrium [equacionamento], and a healthy monetary policy. This will have to be so for the rest of our days. It is like if one goes on a diet and becomes really thin. From then on, one must exercise everyday and lead a healthy life. That is the hardest part.

[O GLOBO] Figures show a deterioration of public finances in all spheres. Do you believe that, for the time being, we are losing the war?

[Franco] No. A phenomenon like that of the trade balance happens in the fiscal accounts. There is seasonality. In any democracy there is a worsening of the fiscal situation after a change of administrations. This is also evident in the case of the state administrations. We have tragic examples of governors granting salary increases in the last days of their terms in office. We also have examples of members of the legislative and judicial branches of the states governments granting themselves incredible increases a few days before leaving their positions. This tends to improve, however, after the effects of these last-minute measures wear off.

[O GLOBO] Will the fiscal readjustment be the hardest part of the stabilization program?

[Franco] Undoubtedly. Inflation is like having a fever. We have controlled the high temperature and the

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infection. It is now necessary to begin a long-term treatment to cure the disease.

[O GLOBO] How will the government deal with the need to reduce interest rates if a fiscal balance is not achieved in a short term? What will be the conditioning issues?

[Franco] Those we have already mentioned. A monetary policy kind of compensates for the fact that the basic fundamentals of stabilization are being constructed along the path. There is no mystery in that. Nothing here has been invented.

[O GLOBO] What about discussions on the need to ease a little the monetary policy now that inflation is under control?

[Franco] Some believe we can already ease this pressure because inflation is low and that so much caution is no longer necessary. It must be made very clear, however, that we are now having the best chance in the last 15 or 20 years to end inflation. We have gone half way along the path, we have had an excellent beginning. It would be very shortsighted to risk this effort in exchange for a few months less of monetary policy. If we lose these positive results because we ease the pressure on the monetary policy before the appropriate time, we will regret it for the rest of our lives. How many of the Brazilians who experienced the Cruzado Plan regret having thrown away that lucky opportunity of defeating inflation?

[O GLOBO] Isn't it reason for concern to know that there are government areas that think differently and try to influence President Fernando Henrique Cardoso?

[Franco] Things have always been that way. There have always been people inside and outside the administration who think differently and make themselves heard. This is perfectly legitimate and normal. They make themselves heard by the president and by us. It is always stimulating for us to discuss these issues, to listen to different opinions, and to, sometimes, give way on our positions. This is part of the game, there is nothing extraordinary about it.

[O GLOBO] Thus, we can conclude that you hope the reforms will follow their own rhythm and that, until they are approved, the monetary policy should continue to be tight.

[Franco] This would be logical. Naturally, when the reforms reach a development level that proves irreversible, they will be treated as if they had already been implemented. For us, however, a long battle must be fought. We still do not have a clear idea of timing [preceding word in English]. Caution is recommendable.

Nation's 'Financial Difficulties' Examined

PY0910185195 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Sep 95 p A3

[Editorial: "The Compromised Federation"]

[FBIS Translated Text] On 17 September O ESTADO DE SAO PAULO made a clarifying examination of public finances at the three government levels. Summarizing the various reasons for the administration's financial difficulties, we can say that the federal government will have no money for investment if it pays its public employees and transfers to the state governments the amounts established in the Constitution. The state governments cannot invest either, unless they choose not to pay their public employees. It is also true, however, that some of the state governments, such as Alagoas and Pernambuco, do not pay their employees nor make investments.

We will now look at the situation of the municipal governments. Some of them, like the municipality of Rio de Janeiro, have a lot of money. Others, like Sao Paulo, compromise their future with a series of public works projects, thus increasing the number of debts they will have to pay off in the future. Still others — the majority — do not have enough money to do all they would like to do, but, in the areas under their direct control, they can do more than the federal and state governments.

Our reality is the reality of a federative pact resulting from the 1988 Constitution. Until the Constitution was promulgated, the municipalities protested the drain of resources to which they were exposed. They justifiably claimed that the municipalities should concentrate resources and decide how these resources should be used, because that is where the citizens and taxpayers live. Thus, the municipalities could meet the needs and complaints of their residents better and faster.

In the tremendous confusion about ideologies and concepts that marked the drafting of the 1988 Constitution, resources ended up going to the municipal governments, but the obligations remained in the hands of the federal and state governments. Seven years of persistent efforts to comply with this distorted decision have resulted in a bankrupt federal government, insolvent state governments, and many municipalities that are dissatisfied because they are connected by a highway network that does not allow them to exploit their regional economic potential, because their health and education programs are ineffective, and because they are pressed by social and demographic factors — such as migration and explosive urbanization — over which they have no control.

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Ministers and governors believe that the administrative reform will solve the lack-of-investment problem and help review public service careers, as well as job stability for public employees. This is a reform that must undoubtedly be implemented because it will solve several problems inherent in the Brazilian Government. The reform, however, is not a panacea to attract resources to the coffers of the federal and state governments, at least not in the volume many expected. After all, more than a crisis stemming from its inability to make investments, Brazil has in recent years experienced a crisis of its federal system of government. Until this federation problem is resolved, all other solutions will be partial or mitigative. In other words, they will produce results that are short-term and limited in scope.

Let us consider, for example, the periodic attempts to consolidate the debts of state governments. The states are administered by politicians who, instead of governing in a prudent and well-balanced manner, plan to continue their careers after governing their own states, or who believe that their main duty is to elect their successors. As a result, the states end up contracting debts they have no real capacity to pay back. A rather irresponsible Senate helps the state governments go into debt. The Senate never says no to requests by state governments for more credit or longer payment terms. It never remembers either that the architecture of the Brazilian State is founded on a federative equilibrium. From time to time such situations reach their limit and overall solutions must be negotiated.

Unable to pay their debts and structurally averse to austerity regimes, the governors exert pressure on the federal government to find better ways of remaining insolvent. The governors call this maneuver debt consolidation. The latest debt consolidation has extended for 20 years the payback term for a debt that has already become due. It also enabled the governors to fail to pay overdue debts without feeling morally uncomfortable doing so.

It is being said that another debt consolidation is about to happen, and it very well may. Mario Covas' administration may be betting on this large negotiation between two public powers and trying to include in it the 13.5 billion reals the state owes to the Sao Paulo State Bank. It would be an innovative consolidation, transferring a state government's debt to a bank to the federal government. This possibility is being commented on as if it were the result of a family council that had met to solve the temporary difficulties of one of its members.

The problem, however, is more serious than that. The budgets of the federal government and the state governments has become a make-believe game and a source of administrative excesses which are transformed into debts that can never be paid back. Many see no problem in overestimating federal revenue, as is now being claimed; after all, the budget can be adapted to circumstances and not complied with. But this attitude transforms the Federation into fiction and the state governments into prodigal sons who seek remedies to their extravagance in the shortsighted generosity of their father. The Federation is, however, the cornerstone of the national structure. If this demoralizing process continues, we will soon realize that, in addition to being unable to pay for the debts of others, the Federation will not have the political strength to keep the federative states united either.

PMDB Agenda Under New Party President Analyzed

PY0610193695 Sao Paulo FOLHA DE SAO PAULO in Portuguese 3 Oct 95 Section 1 p 12

[Article by Carlos Magno de Nardi]

[FBIS Translated Text] The pro-Orestes Quercia [former Sao Paulo governor] sector is still hailing the election of Deputy Paes de Andrade (CE) [Ceara] as the PMDB [Brazilian Democratic Movement Party] president. Paes phoned Quercia on 2 October to schedule for this week his first visit as party president to Sao Paulo.

Paes thanked Quercia for the Sao Paulo delegation's support, which guaranteed his victory by one vote over an old Quercia ally, Sao Paulo Deputy Alberto Goldman.

A large proportion of the new PMDB executive board, beginning with Deputy Marcelo Barbieri — the party's first vice president — are linked to Quercia.

Quercia's main objective is to profit from the victory of the Ceara deputy. The former Sao Paulo governor said: "Goldman is our friend, but Paes was the best solution for the party."

Even though he admits that most PMDB national leaders do not want to break with the federal government, Quercia believes that under Paes de Andrade, the party will be less obedient to Cardoso.

Goldman was President Fernando Henrique Cardoso's favorite candidate to the PMDB presidency. Goldman's recent approach to the PSDB prompted Quercia's opposition to his candidacy.

Says Quercia: "With Paes de Andrade, the PMDB will become a bit more independent from the government."

Prior to the 1 October election Quercia was already discouraging Goldman's candidacy for the Sao Paulo

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PMDB presidency because the former feared the latter would approach Cardoso. Quercia then mentioned State Deputy Jayme Gimenez as a candidate for the post.

Over the past few days, Quercia realized that a victory by Goldman would be more dangerous for his own plans.

Quercia believes the designation of Federal Deputy Aloysio Nunes Ferreira Filho to a ministry can help create a bloc within the Sao Paulo PMDB.

A traditional Quercia supporter, Aloysio Nunes — who is now trying to run on his own — is today one of Cardoso's privileged contacts.

Quercia, who in 1992 helped sponsor Nunes' unsuccessful million-dollar campaign for the post of Sao Paulo prefect, believes a possible ministerial designation of Nunes would neutralize his demands to break with the federal government.

In the opinion of Quercia, the election of Paes de Andrade will hinder the designation of Nunes (a Goldman campaign coordinator).

Within the next few days, Quercia will try a rapprochement with Goldman. The former governor believes Goldman is one of the few Sao Paulo PMDB members who has some contacts with anti-Quercia sectors, among them the university and the former leftist militants.

Quercia obtained a promise from Paes de Andrade: There will be no interference by the party national board in the Sao Paulo party branch official position in favor of breaking with the government.

Cardoso on 2 October said he believes the election of Paes de Andrade will guarantee PMDB support for the federal government.

According to Cardoso, before the party convention Paes de Andrade told him he believes the party support for the federal government is "very important."

"I have confidence in his word," Cardoso said during an official visit to Curitiba (PR) [Parana] on 2 October. Cardoso said: "Since people are supporting the government, it would be a great mistake (by the PMDB) to fail to support the government."

Quercia, an adversary of Cardoso and an advocate of the PMDB break with the government, was one of the main coordinators of Paes de Andrade's campaign to the PMDB presidency.

Cardoso added that the PMDB will have the space "it needs to help the country."

Concerning the dispute over ministries, Cardoso said: "I am not trying to please anyone in particular. The PMDB has always been very important for me, and I have no problem with it. However, I am the president and I will decide who will hold a ministerial post."

Government To Check Underpricing of Textile Imports

PY0910204395 Sao Paulo GAZETA MERCANTIL in Portuguese 4 Oct 95 Pp A1, A5

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] As of next week, the government will enforce the customs appraisal system on textile imports in order to prevent underpricing. With the new system, the government will use a reference price to check whether the price of products registered under import permits is lower than international prices. If this is the case, and if the importer is unable to prove that the price is fair, the Federal Revenue Secretariat may prosecute him on tax evasion charges.

This measure was announced on 3 October by Industry and Commerce Minister Dorothea Werneck. The decision to apply customs appraisal values to textile imports was made by the Chamber of Foreign Trade of the Civilian Household, which met on 2 October. The meeting was attended by Werneck, Central Bank President Gustavo Loyola, Finance Minister Pedro Malan, and Planning Minister Jose Serra.

The government is already using the reference price system for automobile, sneakers, electronic, and commodity [preceding word in English] imports. Control over textile imports has been prompted by demands from the sector, which claims that Asian exporters resort to unfair competition.

Foreign Trade Secretary Mauricio Cortes has said that the new process will be expedited after implementation of the Siscomex [Computerized Export System] importation module. With the elimination of import permits, the importer will register the operation in the government's computerized network. If imports are underpriced, the Federal Revenue Secretariat and the Foreign Trade Secretariat (Secex) will immediately learn about it because the network will alert them.

When the importer reports to pay the taxes on the merchandise, he will be informed that the Revenue Secretariat will open an investigation into the customs appraisal prices, based on the WTO code.

Import permits are currently issued by Banco do Brasil branches, with Secex authorization, even if product prices are below the reference price. The permits reflecting underpricing will be submitted to the Planning

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and Commercial Policy Department (DPPC) of Secex, which will make an investigation to check the underpricing. This statement was made by DPPC director Paulo Cezar de Freitas Samico.

The next step, if underpricing is confirmed, will be to submit the permit to the Federal Revenue Secretariat and to the Central Bank. In addition to being punished on charges of tax evasion and inappropriate exchange rate information, the importer may be subject to an administrative inquest, with suspension of the enterprise's importer registry.

South African Foreign Minister Urges Cooperation

MB0910175195 Johannesburg SAPA in English 1552 GMT 09 Oct 95

[FBIS Transcribed Text] Brasilia, Oct 9 SAPA — Foreign Minister Alfred Nzo on Monday urged Brazil to form a strong partnership with South Africa as part of a growing list of southern hemisphere agreements. Brazil, with the largest black population outside Africa, had strong African roots and had always shown commitment to non-racism through the anti-apartheid struggle, Nzo said. He was speaking at a luncheon hosted by Brazilian Foreign Minister Luiz Felipe Lampreia at the start of a three-day visit to Brazil.

"South Africa and Brazil, in concert with their neighbours, should establish and encourage cooperation and development that could be utilised as subregional blocs in building cooperation." Regional development groups such as the Southern African Development Community were emerging to solidify strong trade blocs with other regional structures. The Indian Ocean Rim Countries Initiative, which included South Africa, Kenya, India, Oman, Australia, Indonesia and Malaysia, was another example of multilateral cooperation.

Nzo said relations between Brazil and South Africa were progressing. Bilateral agreements were in the offing, as well as an exchange of military attaches and joint naval exercises. Tourism between the two countries had grown and a basis had been established for cooperation between the South African and Brazilian agricultural and research sectors.

Governors Plan Creation of Council To Fight Crime, Drugs

PY0710023395 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Oct 95 p 1

[FBIS Translated Text] Governors of the states of Sao Paulo, Rio de Janeiro, Minas Gerais, and Espirito Santo decided on 2 October, during a meeting with Justice Minister Nelson Jobim, to formalize the establishment of the Southeast Region Security Council. Mario Covas (PSDB) [Brazilian Social Democracy Party], Marcello Alencar (PSDB), Eduardo Azeredo (PSDB), and Victor Buaiz (PT) [Workers Party] plan to integrate their state police with the Federal Police, the Federal Highway Police, and the institutions that centralize data on the penitentiary system in order to develop joint actions to fight criminal activities and, in particular, drug trafficking. The governors discussed a project for informatization of their states' police. The project has been developed by the Espirito Santo Data Processing Company (Prodest). The cost of the project is estimated at 3 million reals. It will allow a swift exchange of information on suspects and criminals. The council will be comprised of secretaries of security and justice of the four states.

Development of Short-Range Air-Launched Missile Noted

PY0910161395 Sao Paulo GAZETA MERCANTIL in Portuguese 2 Oct 95 p C3

[Article by Virgina Silveira]

[FBIS Translated Text] The Brazilian Air Force (FAB) has begun to overcome a technological delay of almost 40 years in short-range missile production. The MAA-1 missile project, formerly known as "Piranha," is now in the flight-test stage after undergoing 24 laboratory tests over one year. The development of the missile by Mectron Engineering has already required an investment of $8.8 million over two years.

The project got under way in 1976 at the Aerospace Technical Center (CTA) but was suspended until December 1993 due to a lack of resources. In August, the Aeronautics Ministry conducted the first test launch to check the performance of the missile/aircraft unit during launch.

The test was conducted at the Barreira do Inferno Launch Center in Natal (Rio Grande do Norte). A Xavante plane carried the missile to altitudes of 10,000 and 30,000 feet. There have been four test launches in which the missile reached the maximum speed of Mach 2.6, which is equivalent to twice the speed of sound.

The next flight-launch test is scheduled for November. The missile's piloting system and maneuvering capacity will be tested. According to Paulo Roberto de Souza, manager of the project at CTA, for this operation the missile will be programmed to maneuver with high load factors [altos fatores de carga] (acceleration of up to 45 times the acceleration of gravity), which are compatible with the best international missiles of its kind.

The MAA-1 is an infrared missile for short-range combat, up to 8 km. It is guided toward the target by a double system guided by precision radar and infrared

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heat sensor. The missile is launched from a plane and targets the heat put out by the enemy aircraft or created through the aircraft's friction with the air.

According to Engineer Paulo de Souza, the FAB will use the missile in its fighters: the U.S. F-5, the French Mirage, and the Brazilian AMX. The MAA-1 will replace the older U.S. Sidewinder AIM-9B. According to one of its designers, Brigadier Hugo de Oliveira Piva, the missile project is adapted from the U.S. Sidewinder AM9-P4, the Israeli Shafrir, and the French Matra Magic.

According to Piva, the Brazilian project is only surpassed by the new Israeli version of this sort of missile, the "Python," which has a longer range. The MAA-1 weighs 89 kg and carries 20 kg of explosives up to a distance of 8 km. It is a defense missile used to shoot down fighters. From November to January 1996, the MAA-1 missile will undergo three flight tests and, depending on its performance, the project can be approved.

After approval, mass production of the missile can start. In accordance with comments by Colonel Tiago da Silva Ribeiro, director of the Aeronautics and Space Institute (IAE), who is responsible for the project, the missile's industrialization phase will probably begin in May 1996, as long as the financial schedule is complied with in a timely fashion. According to Col. Ribeiro, the Aeronautics Ministry's idea is to have orders for 10 units per month. "This number is sufficient to offer good training to pilots, as well as to keep in operation the assembly line at the enterprise responsible for the missile's production," he said.

According to Ribeiro, Mectron is the only Brazilian enterprise with the capacity to develop the MAA-1. Mectron is administered by five engineers who were members of Piva's team in the development of a missile similar to the old "Piranha" for the Iraqi Government between 1989 and 1990. The project was developed by HOP [Hugo de Oliveira Piva Consultants], who are experts in the area of weapons. HOP was created by Piva, who closed it in 1990.

Roundup of Economic Reports

PY0710025495

[FBIS Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 6 October:

Basic Leading Indicators

The Economic Research Institute Foundation, FIPE, has reported that the inflation rate in Sao Paulo in September has been the lowest one since December 1973, when it stood at 0.52 percent. The Consumer Price Index, IPC, increased by 0.74 percent in September; that is, 0.69 percent less than in August. A major factor in the above IPC drop was the 0.27 percent decline in food prices. FIPE Coordinator Heron do Carmo said that if this trend is maintained, the 1995 inflation rate would stand at 23 percent. Prices of semimanufactured products increased by 0.39 percent, and those of manufactured products by 0.37 percent in September. In six months, food prices have increased by only 2.73 percent, and the IPC by 13.87 percent. Yet, while inflation increased by only 27.56 percent in 12 months, prices of personal services increased by 65.78 percent during the same period. Do Carmo said that rents and the prices of personal services are still too high. Assuming that rents and the prices of personal services will continue to decline, do Carmo estimated that the average inflation rate will stand at 1 percent between now and December. (Sao Paulo AGENCIA ESTADO in Portuguese 1839 GMT 4 Oct 95)

The Brazilian Institute of Geography and Statistics, IBGE, reported on 4 October that industrial employment and average wages dropped in July compared to the June figures. Industrial employment dropped by 0.5 percent in 12 months under the Real Plan. Yet, it dropped by 2 percent from June to July, the worst monthly drop since December 1991. This has also been the third consecutive monthly drop in industrial employment rates. Shrinking by 1 percent in real terms, industrial wages dropped for the first time in July. Despite the negative monthly results, the accrued rates remain positive: Employment increased by 1.3 percent and average wages increased by 6.7 percent from January to July this year compared to the same period of 1994. According to the IBGE report, the employment level dropped by 3.4 percent from June to July in the southern states; by 1.7 percent in Sao Paulo, Rio de Janeiro, and Minas Gerais; and by 0.9 percent in the northeast. Average real wages increased by 0.8 percent in northeastern states in July. Yet, they declined by 1.8 percent in southern states; by 1.4 percent in Rio de Janeiro; by 0.8 percent in Sao Paulo; and by 0.9 percent in Minas Gerais. (Sao Paulo AGENCIA ESTADO in Portuguese 2124 GMT 4 Oct 95)

Financial Operations

Sao Paulo Governor Mario Covas today called President Fernando Henrique Cardoso at Alvorada Palace in Brasilia to inform him that the Volkswagen company had decided to set up an engine factory in Sao Carlos, Sao Paulo State. The new factory, which will start producing advanced technology engines in 1996, will entail investments totaling $250 million, of which $171 million will be earmarked for production. The factory is

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expected to produce 450,000 engines annually. (Brasilia Voz do Brasil Network in Portuguese 2200 GMT 6 Oct 95)

Privatization

Minas Gerais Electric Powerplants, Inc. (Cemig), which is regarded as the most efficient power company in Brazil, is taking steps to attract foreign investors. On 6 October, an assembly of shareholders will seek to remove an article of the Cemig bylaws preventing foreigners from holding ordinary stocks. Furthermore, the Cemig shareholders will vote on whether to increase its working capital by 59.1 million reals. (Sao Paulo GAZETA MERCANTIL in Porotuguese 3 Oct 95 p C4)

Trade Issues

The presidents of the Brazilian Petroleum Corporation, Petrobras; and of the Bolivian Government Oil Deposits, YPFB, have announced in La Paz that international bids for the construction of a 2,233-km gas pipeline will be awarded by the end of 1995. Construction of the pipeline project, the cost of which has been estimated at $1.8 billion, is scheduled to start in June 1996. Financing agreements with the World Bank, the Inter-American Development Bank, and the Andean Development Corporation will also be formally signed by the end of 1995. The pipeline, which will link the Bolivian department of Santa Cruz to the state of Sao Paulo, is expected to distribute 8 million cubic meters of gas daily by 1998. (Sao Paulo AGENCIA ESTADO in Portuguese 0040 GMT 6 Oct 95)

Brazil has not complied with its commitment to withhold its coffee exports. According to partial figures released by the Brazilian Coffee Exporters Federation (Febec), Brazil exported at least 1.2 million bags of coffee in September. Because Brazil exported 1.113 million bags in July and 938,000 bags in August, it has surpassed the established 3-million-bag ceiling by at least 251,000 bags. By virtue of an agreement signed by member countries of the Association of Coffee-Producing Countries (APPC), Brazil had agreed to limit its coffee exports to 3 million bags during the third quarter of 1995. (Sao Paulo AGENCIA ESTADO in Portuguese 2118 GMT 5 Oct 95)

Pressured by the Caraiba Metais Company, the only copper producer in Brazil, the Brazilian administration is proposing that copper be included among the list of sensitive items; that is, subject to a 4.32 percent Common External Tariff — TEC — within Mercosur. Brazil has been closely following the Mercosur-Chile talks. Copper imports, most of which come from Chile, account for 45 percent of the Brazilian domestic consumption. Brazil consumed 263,800 metric tons of copper in 1994. Caraiba Commercial Director Francisco Teixeira de Sa said: "We are asking for protection for a Brazilian industry." He said no Brazilian company could compete with foreign exporters if the TEC were reduced to zero. At present, the TEC applicable to copper is 1.5 percent. (Sao Paulo GAZETA MERCANTIL in Portuguese 2 Oct 95 p C3)

The Itabira Special Steel Company, Acesita, is negotiating a technological package with foreign steel companies to improve its production of electric steel, which is the only area in which it still lacks modern know-how. Two years ago, Acesita, after being privatized, signed an agreement with the Japanese company Kawasaki Steel for modernization of all its other units. Acesita, which uses technology provided by the U.S. company Armco, produces 110,000 metric tons of electric steel annually. Antonio Rigotto, the Acesita industrial director, said yesterday in Rio de Janeiro that Acesita expects to reach an agreement by the end of this year. (Sao Paulo GAZETA MERCANTIL in Portuguese 3 Oct 95 p C5)

Commercial Visits, Overtures

A delegation of 25 Taiwanese businessmen visited Campinas, Sao Paulo, on 30 September to assess local conditions for setting up an industrial center there, with an estimated investment of $1 billion over a five-year period. The cities of Sorocaba and Jundiai are two other possible sites for this project. Taiwanese businessman Paulo Tsung said: "The Taiwanese administration has $100 billion in exchange reserves and it is encouraging enterpreneurs to make investments abroad." The Taiwanese delegation consists of representatives of the food, paper and cellulose, steel, shoes, manufacturing, auto parts, and household appliances industries, and even of banks. (Sao Paulo GAZETA MERCANTIL in Portuguese 2 Oct 95 p A5)

Stefan Salej, president of the Minas Gerais State Federation of Industries (Fiemgs), has stated that Brazil must urgently revise its position regarding China because it is way behind in the quest for obtaining a share of the Chinese market. Salej, who recently visited China with a delegation of Minas Gerais businessmen, said: "The government is competently discharging its duty; it is the business sector that is not following suit." He cited as an example the fact that Colombia, which is not facing any competition from Brazil, has taken the offensive in winning the Chinese coffee market by sponsoring the Beijing Asian Games. As a result of the visit to China in September, the Minas Gerais coffee exporters are already taking steps to export directly to China, thus bypassing the British brokers. (Sao Paulo GAZETA MERCANTIL in Portuguese 2 Oct 95 p A5)

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Chile

Foreign Minister Insulza Addresses UNGA

PY0610195095 Santiago EL MERCURIO in Spanish 30 Sep 95 pp A1, A24

[By Special Correspondent Elia Simeone]

[FBIS Translated Excerpt] New York — Foreign Minister Jose Miguel Insulza said here yesterday that as a member of the UN Security Council, Chile will help to implement all UN decisions. He stressed that safeguarding security at the level of governments and individuals should be the main task of the United Nations.

Slightly over one month before the election of new non-permanent UN Security Council members, Insulza discussed the main policy guidelines that Chile will uphold within this UN organization. Moreover, he said the United Nations should promote the gradual establishment of peace and regional cooperation areas.

Addressing cabinet members and diplomatic representatives from over 180 countries that encompass the United Nations, Insulza urged the UN assembly to adopt a position regarding nuclear tests and to approve an immediate world-wide moratorium on all nuclear tests.

He said the United Nations and its members must aid in the promotion of human rights, which Chile believes is one of the main pillars of the world order for the 21st century.

He reasserted the Chilean position calling for reforms to the UN system so that in the short term the UN Security Council may be more representative, and thus be able to better respond to the needs of countries in our region. He stated that the eventual expansion of the UN Security Council should encompass an increase in the number of representatives from Latin America and the Caribbean.

He said: "In the last few decades, our region has acquired a greater international presence and it has always been willing to assume its responsibilities to strengthen international security." To address the UN general assembly, Insulza had to literally run. Earlier in the day he traveled to Washington to meet with U.S. Trade Representative Mickey Kantor and with members of the Ways and Means Committee with whom he held a breakfast meeting to discuss the "fast track" [previous phrase given in English].

Chile in the UN Security Council

On the premises that Chile will occupy a UN Security Council seat as a non-permanent member during the 1996-1997 term, Insulza's speech centered on Chile's opinion about the UN's current role and what task should be specifically addressed to achieve this goal.

In his UN address, Insulza expressed his gratitude for the support that the Latin American and Caribbean Group (Grulac) granted to Chile's candidacy to the UN Security Council. Grulac unanimously endorsed Chile's candidacy, along with friendly countries from other regions.

Insulza said: "Chile is able to assume this responsibility and to help search for the necessary consensus that will strengthen the institution and help implement UN decisions. We will do this on the basis of Chilean international policy guidelines, always trying to reflect the opinion and interests of the region we want to represent." [passage omitted]

Insulza gave a preview of what Chile hopes to do as a non-permanent member of the UN Security Council. He discussed before the UN General Assembly some guidelines in this regard:

1) To give precedence to preventive diplomacy and the peaceful solution of controversies to reduce to the minimum the use of force;

2) To promote security measures and regional solutions based on the individual capacity of countries in the area;

3) To follow with particular concern the situation of victims of those conflicts handled by the security council by prioritizing the promotion of human rights;

4) To safeguard the interests and needs of neglected social groups by enforcing sanctions whenever needed. Insulza said Chile does not believe in the implementation of unilateral sanctions or those that only affect the weak;

5) To control the increasing cost of peace operations in order to rationalize and effectively use available resources.

Within this framework, a large part of Insulza's speech was devoted to stressing that the UN's prime role today is centered on safeguarding the security of the international community as a whole, of UN member countries, and of the individuals, families, and groups that inhabit them.

In view of this, he discussed two issues: international security in view of nuclear weapons and the security of individuals in view of injustices and severe social imbalance.

Moratorium on Nuclear Tests

Insulza stated that the end of the Cold War has resulted in the establishment of a new world order which eliminates the threat of massive destruction. He noted that the nuclear powers, and those who wish to become

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one, have yet to acknowledge that the mere existence of nuclear weapons capable of destroying humanity constitutes a threat to all.

Refuting those governments, like the French, which maintain that their nuclear arms race is based on a policy of dissuasion, Insulza said: "It is a mere illusion to believe that having nuclear weapons make a country more safe. Nuclear weapons constitute a genuine concern among those living in other countries and among their own domestic population because they fear they might be used in case of a foolish escalation."

Within this context, Insulza described as senseless those governments that have resumed nuclear tests, adding that this is contrary to the moratorium that should prevail in view of the international treaty banning nuclear tests which will be approved next year.

Insulza said: "In spite of this, China and France, countries that we respect and with which we maintain friendly ties, have decided to continue these tests. Chile condemns this attitude." He thus expressed Chile's concern over the resumption of nuclear tests in the Mururoa Atoll.

Mururoa is in the French Polynesian region in the South Pacific, some 6,500 km from Santiago.

As he has maintained since French President Jacques Chirac announced the resumption of French nuclear tests, and in view of other instances like the passage of Japanese ships with nuclear waste, Insulza categorically rejected the idea of conducting this kind of activity in this region, in which Chile has important interests, that would be unthinkable in other parts of the world.

Insulza called upon the UN General Assembly to promote "an immediate moratorium on all nuclear tests," as proposed by the chiefs of state of the Rio Group during the meeting that member countries of the Tlatelolco (Latin America and the Caribbean) and Rarotonga (South Pacific) treaties held recently in New York.

Increasing Security

Alluding to the conflicts that have emerged since the end of the Cold War, and the acute social problems, Insulza said that more than ever before it is necessary to coordinate actions and to promote international cooperation to overcome these conflicts.

Referring to conflicts in the former Yugoslavia, Rwanda, and Somalia, among others, Insulza said: "With good reason people look to the United Nations to help halt these atrocities through its political and moral authority."

Insulza said: On the threshold of a new century international human rights is an important pillar of the new world. He added that the promotion of the defense of human rights, freedom, and democracy should not be viewed as an interference in domestic affairs.

The foreign ministers speech centered on the need to promote the security of individuals. Chile has included this issue in its domestic and international policy and on its UN agenda since 1990.

Insulza asserted that the security of individuals is undermined by unemployment, hunger, poverty, crime, social disadvantages, and because of sexual, racial, cultural or religious discriminations.

He added: "People demand to be included in a development process that will offer them better opportunities and make them more equal. Society today knows polarization is the main cause of uncertainty."

Insulza said the internationalization of the contemporary world and the flood of new problems related to security should make us conclude that the multilateral system is irreplaceable for tackling this challenge and that the UN mechanism must be jointly relied upon if we are to resolve the security issue and the way people interpret it.

Communist Party Leader Comments on Stange Resignation

PY0910142495 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 9 Oct 95

[FBIS Translated Text] Communist Party leader Volodia Teitelboim has reacted positively to the resignation of General Rodolfo Stange from the top command of the Carabineros. He said that this resignation should have been tendered much sooner, when President Eduardo Frei asked Stange to resign as the case of the beheaded communists came to light. Teitelboim added that Gen. Augusto Pinochet should follow in Stange's footsteps.

As for the minimal amount of support his party received in the latest polls by Adimark, Teitelboim said this is easy to explain as people are afraid to admit their positive feelings for communism.

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Colombia

Further on Recordings of Alleged DEA Conversations

Congressman Lucio To Give Tapes to Delegates

PA0610200995 Madrid EFE in Spanish 1631 GMT 6 Oct 95

[FBIS Translated Text] Santa Fe de Bogota, 6 Oct (EFE) -- Colombian Congressman Carlos Alonso Lucio, who revealed on 4 October the existence of tape recordings of alleged conversations between DEA agents, said today he will give the tapes to delegates of the nonaligned countries summit.

In these tapes, which have been linked by Colombian politicians to an alleged U.S. conspiracy against the Samper administration, Colombian authorities are described as "imbeciles" and "puppets."

Lucio said he will turn over the tapes during the nonaligned countries summit, which begins in Cartagena de Indias (northern Colombia) next week as evidence that the United States is conspiring against the administration of Colombian President Ernesto Samper.

Lucio, a representative of the Chamber of Representatives, revealed that he had obtained the tapes from a "stranger close to the American Embassy in Santa Fe de Bogota." Lucio added that the person gave him the cassette "on the street, motivated by the concern over U.S. interference in issues of sovereignty" against Colombia.

Lucio said the tapes contained certain telephone numbers. "I called these numbers, and they coincided with the DEA numbers in Colombia," Lucio added.

For the congressman, a former rebel of the dismantled 19 April Movement (M-19), "what is happening is nothing new" but corresponds to a "number of aggressions."

The Colombian politician also recalled that President Samper "has been the victim of a scandal every 15 days, or three weeks, since he was elected, and what we are trying to do is emerge from that crisis."

For Carlos Alonso Lucio, the conspiracy "was woven in the offices of the DEA" and unfortunately that policy "has had some loudspeakers, certain Colombian collaborators who have been working against national interests." Lucio cited the Pastrana family, former President Cesar Gaviria, and the daily newspaper EL TIEMPO as DEA "loudspeakers."

The U.S. State Department and the Justice Department on 5 October rejected the Lucio tapes, demanded an explanation and proof of their authenticity from the Colombian executive branch, and accused parliament of having "close ties" with the Cali Cartel chiefs.

Lucio said today he understood the "hard and aggressive reply" and insisted "it is true that DEA personnel are conspiring against Colombia" and asked that "the relationship with the United States" be reformulated within the framework of respect for sovereign rights.

Lucio said: "We are the ones who should be offended; we are the ones who have been insulted," and I am not trying to start any hostilities but, rather, am seeking an opportunity to redefine the relationship.

Minister Serpa on Recordings, Phone Taps

PA0710022395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 7 Oct 95

[Report by Maria Cristina Uribe; from the "Seven O'Clock" newscast]

[FBIS Translated Text] [Uribe] Delegate Minister Horacio Serpa Uribe referred to relations with the United States and the anonymous recordings.

[Begin recording] [Serpa] I do not want to comment on this issue. The Colombian Government, the justice minister, reported yesterday — and I am ratifying it — that he approached the police authorities and the Prosecutor General's Office so they may attest to the authenticity and legality of the recordings.

[Reporter] Minister ...

[Serpa, interrupting] The issue of my resignation corresponds to the president of the Republic. I believe it is critical that all telephones are tapped.

[Reporter] Is yours tapped?

[Serpa] No, I do not know. I hope not. [laughs] [end recording]

Serpa Denies Providing Tapes to Lucio

PA1010040095 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2223 GMT 9 Oct 95

[Report by Gilbert Vega from the Narino Government Palace in Santa Fe de Bogota]

[FBIS Translated Text] Good afternoon to all our Caracol listeners. Interior Minister Horacio Serpa Uribe has, in fact, issued a clarification in a statement as follows: The 301st edition of the magazine SEMANA states that the recordings used by chamber representative Carlos Alonso Lucio during the debate last Wednesday in the National Congress could have been obtained by some government organization and given to the congressman

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by the interior minister. Such versions are totally devoid of truth. No government office or entity conducts illegal practices or intercepts telephone communications contrary to the existing legal provisions.

Specifically, on the said case, no authority of the national government had anything to do with the recordings that were used during the aforementioned debate. Therefore, it is most unlikely that the minister could have turned over material that was never in his hands.

I emphatically state that it is not true that I gave Dr. Lucio any element for him to use in his parliamentary debate. Representative Lucio is an independent politician, who did not cooperate in the election of the president and has no political or administrative relations of any kind with the current government. That is why it is not true that on more than one occasion Lucio has coordinated debates with officials of the Narino Government Palace or with Minister Serpa, as was stated by the aforementioned magazine.

The above was part of what Interior Minister Serpa stated.

Serpa Denies Wiretapping

PA1010040795 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 10 Oct 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Interior Minister Horacio Serpa in a communique issued today rejected press reports that claimed he and the government were responsible for the telephone tapping of the DEA. In its most recent publications, the magazine SEMANA and CAMBIO 16 referred to last week's debate by congress representative Carlos Alonso Lucio and the recordings which the politician exhibited. Both magazines hinted that the U.S. Government believed that the telephone tapping had been carried out by the Colombian Government and given to Lucio. Today, Minister Horacio Serpa issued a statement in which he claims that such affirmations are totally baseless and that no government office or entity conducts illegal practices or telephone tapping. He also denied he had given Carlos Alonso Lucio any element of any kind to carry out his debate.

For his party, the prosecutor general affirmed that the telephone tapping is being investigated.

[Begin Prosecutor General Alfonso Valdivieso recording] We are investigating other cases. Through this, we hope to establish the origin of that criminal action. [end recording]

Officials Comment on U.S. Statements, Bilateral Ties

Samper on State Department Communique

PA0610164795 Mexico City NOTIMEX in Spanish 1443 GMT 6 Oct 95

[FBIS Translated Text] Bonn, 6 Oct (NOTIMEX) — Colombian President Ernesto Samper said here today drug trafficking cartels seek to distance the Colombian and U.S. Governments and weaken their positions.

The Colombian president told NOTIMEX "the only ones to benefit from a possible breakup between the United States and Colombia are the drug cartels."

Samper responded in this way to last night's U.S. State Department communique and the statement by U.S. Attorney General Janet Reno that relations between the two countries are at a low point.

The State Department issued a protest over assertions by a Colombian deputy who has presented alleged evidence that the DEA is involved in a conspiracy to overthrow Samper and his administration.

The Colombian president refused to comment directly on the communique issued last night by the U.S. State Department. He said the Justice Ministry in Santa Fe de Bogota is handling the affair.

Samper said emphatically that "when the history of the struggle against drugs is written, my administration and Clinton's will remain as the administrations that wiped out the Cali Cartel."

He admitted that "regardless of these occasional differences (with the U.S. Government), the important thing is that we continue cooperating so that the drug trafficking cartels are brought before justice and incarcerated."

He said there is respect for his administration's policy on solving the problem of violations of human rights. He said "I do not shirk from the responsibility" for those violations. Thus, he alluded to denunciations such as those made by three prominent German religious organizations. Two days prior to his arrival these organizations delivered a letter to Chancellor Kohl, President Herzog, parliamentarians, and businessmen affirming that the human rights situation has worsened, "contrary to official versions."

Samper said the Colombian Government has adhered to the Geneva Convention on situations of war, installed human rights commissions in the areas of conflict, and created prosecutor offices for the investigation of violations of these guarantees.

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Samper on Withdrawal of U.S. Envoy

PA0610194995 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 6 Oct 95

[From the "Colombia 12:30" newscast — passages within quotation marks recorded]

[FBIS Translated Text] President Ernesto Samper is making a three-day visit to Germany. Our special envoy, Janet Hinostroza, has the details of the visit.

[Hinostroza] Attention, from Germany: The president has responded to the communique the U.S. State Department issued last night. This is what he has said:

[Samper] "I have no comment on this particular issue. The justice minister has been directly handling this issue from Colombia."

[Hinostroza] Samper has denied media reports the U.S. Government has reportedly withdrawn its ambassador to Colombia as a result of the friction that has taken place in the last few hours:

[Samper] "It is absolutely false. The U.S. ambassador to Colombia is on a deserved vacation in Europe, specifically in France."

[Hinostroza] This is how he has responded to the statements U.S. Attorney General Janet Reno has made that this time is reportedly the worst for relations between Colombia and the United States:

[Samper] "Relations with the U.S. Government have remained at a level of collaboration, as has been the case for several months."

[Hinostroza] President Samper was very angry when he concluded this meeting with the domestic and foreign media, because he has said the internal crisis has been able to cross the Atlantic Ocean and overshadow his visit to Germany.

Samper on U.S. Envoy's Absence

PA0710022695 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 7 Oct 95

[Report by Jorge Alfredo Vargas in Santa Fe de Bogota and Alejandra Balcazar in Hamburg for the "Seven O'Clock Newscast"]

[FBIS Translated Text] [Vargas] President Ernesto Samper had to refer to the problem regarding our relations between our country and the United States, in a news conference held with journalists from all over Europe in Germany.

[Balcazar] Ernesto Samper Pizano's presidential tour ends here, in the beautiful port of Hamburg, with two particularly important announcements. First, U.S. Ambassador Myles Frechette was not recalled from Colombia; second, the president referred to the latest communique from the U.S. Department of State.

[Begin Samper recording] The U.S. ambassador in Colombia is enjoying a well-deserved vacation here in Europe, specifically in France. [end recording]

[Balcazar] During a news conference with the international media today, upon his departure from Bonn, Samper refused to comment on the recording presented by Representative [Carlos Alonso] Lucio at Congress, on an alleged conversation between DEA officials. However, he said:

[Begin Samper recording] The only ones who benefit, I repeat, with an eventual estrangement between Colombia and the United States are the drug cartels. [end recording]

[Balcazar] Moreover, Foreign Minister [Rodrigo] Pardo said he does not accept the United States' interference in Colombian decisions, but the investigation requested by the country to clarify the origin of the recordings clearly shows the need to abide by the law and respect basic rights.

Aside from the drug-trafficking issue, the officials discussed issues such as Colombians' human rights, the need for a free market for the banana's admission to the European Union; and they announced specific results were achieved on other issues.

Pardo Demands Respect for Position

PA0610131895 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 6 Oct 95

[From "Caracol's 0600 to 0900" Newscast]

[FBIS Translated Text] From Bonn, Germany, today, Colombian Foreign Minister Rodrigo Pardo demanded respect for our country's international position. Referring to the delicate relations with the United States, he affirmed that Colombia maintains a friendly attitude toward the United States, while tending to common issues on which they are working based on mutual respect and the belief that there are disagreements that must be resolved in a friendly fashion. The foreign minister made this statement to Emisoras Caracol Network in Bonn, where he is accompanying President Ernesto Samper Pizano on his three-day visit to Germany.

We understand that we want to maintain positive and friendly relations, because we have common issues on which we have to work. The foreign minister said: This

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work must be based on mutual respect, however, and on the belief that there are disagreements we have to resolve in a, I hope, friendly and, especially, productive fashion for the two countries. Pardo added that we will always be subjected to statements or events that could trigger an incident as long as there is such a difficult issue regarding bilateral relations as the drug trafficking issue.

Defense, Justice Ministers View Ties

PA0610190395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 6 Oct 95

[FBIS Translated Text] [Unidentified announcer] Defense Minister Juan Carlos Esguerra and Interior Minister Horacio Serpa have just talked about the current state of relations between Colombia and the United States:

[Begin recording] [Unidentified reporter] Are you willing to resign in order to appease the relations between Colombia and the United States?

[Serpa] The president of the Republic is the one who has to request my resignation.

[Reporter] Was the government aware of the tapes Dr. Lucio disclosed a few days ago to Congress?

[Serpa] No, it was not aware of them.

[Reporter] Don't you believe you avoided the DEA at the beginning?

[Serpa] No, I do not believe so.

[Reporter] How do you see the fact that for the United States a tape on the president—let us say it this way—was apparently valid and that the Lucio tapes are not valid now?

[Serpa] No, I do not have any opinion on this particular issue.

[Reporter] Rumors have it that you are planning to resign. Are they true?

[Serpa] No, I have not planned to resign. Why?

[Reporter] Do you guarantee to Colombians....

[Esguerra, interrupting] Guarantee what? I do not know what needs to be guaranteed.

[Reporter] [Words indistinct] the DEA cannot operate by itself here, and if the defense minister does not guarantee it, who guarantees it then?

[Esguerra] It is clear that the DEA is not operating by itself in Colombia. I am saying it has operated under the protection and within the framework of the agreements the two countries have signed; this is what I know. Anything else, in my opinion, is nothing more than mere speculation, and I do not have to give an opinion on mere speculations.

The facts of which I am aware clearly indicate that, I repeat, this participation, this collaboration, these actions by the DEA and U.S. officials have been carried out within the strict framework of the agreements the two countries have signed. This is how it has been done, this is how it is being done, and, I believe, this is how it will continue being done. [end recording]

Justice Minister Interviewed on Ties

PA0610162095 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 6 Oct 95

[Interview with Justice Minister Nestor Humberto Martinez Neira by Caracol News Director Dario Arizmendi in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] Good morning, Mr. Minister.

[Martinez] Good morning, Dario.

[Arizmendi] Relations with the United States today are tense, complex, difficult.

[Martinez] We have been encountering certain events that are unusual, but, as the president of the Republic has said repeatedly and because I am able to stress it today, the most important thing for Colombia is to maintain smooth, honest, and amenable international relations, particularly with the United States. We believe in this regard these relations will retain the degree of good sense and productivity that have always characterized them.

[Arizmendi] Mr. Minister, it calls my attention [words indistinct] Andres Pastrana Arango made public the so-called narco-cassettes after President Ernesto Samper Pizano's victory. Both the U.S. Government and many domestic public sectors demanded to know whether these conversation were true, whether the contents of the cassettes were true, whether the voices were indeed real and truthful. There was little investigation into the affair, and people have kept asking who recorded them, for whom they were recorded, and what the objective was.

Regarding the communique Nicholas Burn, of the U.S. State Department, disclosed yesterday stating the official U.S. position, our attention is drawn to the fact that — many sectors are saying it — the legality of the recordings Representative Carlos Alonso Lucio has disclosed should be questioned. There is talk about the origins of the recordings, but no word is mentioned on

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whether their contents, which are quite serious, delicate, and compromising, are true. Why are the contents important in this case, and why is the manner in which the tapes were recorded important in another case in which the DEA is apparently involved?

[Martinez] As you can probably read in the official communique I issued last night on behalf of the government, in this situation, as is the case with all the matters that have been analyzed in the last year at the public level, there are two significant issues that must be clearly explained. The first issue is on the authenticity of the recordings of which people and authorities are aware, and the second aspect pertains to the legality of these recordings, because we are undoubtedly and frenziedly facing wiretapping on and violations of a right that is basic in our de jure state structure in Colombia: the basic right to the reserve, privacy, and inviolability of communications.

In this prevailing state of [word indistinct], we have started giving credit to all sorts of documents that are irregularly obtained and that all authorities and people must censor, because otherwise we will definitely be doing away with the de jure state.

[Arizmendi] What will be the attitude the government will take if we establish in the future the truthfulness and authenticity of the recordings Dr. Lucio has disclosed at Congress, regardless of who made them?

[Martinez] First, we must reject the fact that these recordings could have been irregularly obtained. I have asked the prosecutor general if there is a judicial authorization to tap conversations not only in the cases you mentioned but also in the cases involving the defense and justice ministers and their official telephone lines. He has told me, he has confirmed to me that, evidently, there is no judicial authorization whatsoever. This point immediately indicates to us that we are witnessing an alleged crime involving a communications violation.

In light of the testimonial reality of the document, we have to immediately determine its authenticity, the reason why it would be too early to give an opinion on the contents of the tapes, because their authenticity has not been determined. This is what led me yesterday to ask the National Police, through the technical elements this organization of the country's military and police forces has, to conduct the proper technical investigations, so that upon the return of the foreign minister and the president, we will already have been able to determine the degree of authenticity of these tapes.

[Arizmendi] We were listening, Mr. Minister, to Ms. Reno's statements. She has said the Colombian Government knows exactly what to do, because the U.S. Government itself has told it what to do with the presence of Interior Minister Horacio Serpa in the cabinet.

[Martinez] I am unaware of her statements; of course, I do not have facts to formulate an opinion.

[Arizmendi] Do you know, however, whether the president or the foreign minister has already been briefed on the U.S. Government's desire concerning Mr. Serpa?

[Martinez] Not at all, and I believe this is a sheer domestic policy issue. I am unaware as to whether they were briefed on this particular subject, but.... [pauses] I was not in the country last week, when last week's events took place. This week, I do not have information in this regard.

[Arizmendi] Will the Colombian Government issue a reply to the State Department communique, which asked for an investigation, clarification, and definition by the Colombian authorities regarding the tapping of DEA telephones?

[Martinez] In fact, as government representative in the justice sector, I released a communique last night stating that because of the seriousness of the events that have been occurring with regard to the violation of this fundamental right I mentioned, an investigation must be undertaken, an investigation that will yield immediate results. I have stated this to the prosecutor general. Regarding the ministry's telephones, the formal criminal accusation has been filed, and we hope this investigation will be promptly undertaken by the proper authorities, because Colombians and, of course, the international community are interested in knowing what is happening when these rights to privacy and inviolability of communications begin being violated in a public and, perhaps, complaisant manner by society.

[Arizmendi] Mr. Minister, one supposes that the organizations or individuals who have had the audacity to tap the DEA telephones as well as those of the Justice and Defense Ministries must be very powerful. Who do you think might be interested in recording them?

[Martinez] This is precisely the reason why we have asked the judicial authorities, the criminal investigation authorities, to rapidly investigate to determine what might have been the source, the origin, of this absolutely irregular and obviously condemnable conduct, and this can be clarified. As a government official, it would not only be premature but irresponsible to point to someone as being the source.

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[Arizmendi] Justice Minister Martinez, this morning we learned about and saw in the live television newscast reports about possible retaliations by the United States regarding Colombian flowers, which now have tariff preferences. What do you know about this issue? Can you connect this issue of the retaliations to the presence of Serpa in the cabinet and to Carlos Alonso Lucio's disclosure of tapes with alleged conversations of the DEA director in Colombia and U.S. Government officials?

[Martinez] No, not at all. It would be dangerous for us to make such a linkage in viewing future actions by the U.S. Congress. I have been informed by Ambassador Lleras that for several weeks, even months, there has been intense pressure from the most important banana marketer in the U.S. market who is one of the main financial contributors in U.S. political campaigns so that U.S. congressional representatives will seek formulas of retaliation against Colombian exports because of the agreements signed with the EU that benefit Costa Rica and Colombia with 25 percent of the European banana market. Because of that circumstance, it has been thought that a budget law will eventually include this retaliation, reducing the tariff benefits for Colombia's exports. Since this would mean the free trade agreements the United States is interested in maintaining would be broken, our foreign trade authorities are aware of this, and I would like to leave this topic under the purview of the foreign trade minister.

As a result of the efforts by Ambassador Lleras, these topics fall under international trade jurisdiction and, of course, could not be unilaterally included in a domestic U.S. law. It could be the object of analysis by international trade authorities, but the important thing, and so as not go into trade issues that do not fall under my purview, is that we correctly view the report you are giving. First, it has not been confirmed that what we might call a rider is included in a U.S. budget law. Second, we must clearly bear in mind that if such a thing passes, it does not originate from the U.S. Government but would be an action by certain U.S. congressmen serving the interests of the principal banana marketer in the United States.

[Arizmendi] Do you know whether any other Colombian product, even if this matter does not fall under your jurisdiction, could be subjected to that same retaliation by certain U.S. congressmen? In addition to flowers, I am referring to such products as leather goods, raw materials, and finished products Colombia exports to the United States.

[Martinez] Not at all. All of this is speculative, because this issue has been debated by the U.S. Congress as of several months ago, according to what Ambassador Lleras has told us. I understand that the debate has been broader regarding the topic of the preferential tariff system available to these countries.

[Arizmendi] Do the communiques issued by the various U.S. organizations against the situation we have been discussing agree that perhaps the Colombian Government and these scandals are trying to divert attention from the investigations into charges of narcocorruption? What is your view?

[Martinez] No, this is not happening, because this action is not one by the government. The circumstances mentioned in the communique issued the previous day have not stemmed from actions taken by government officials. In addition, President Ernesto Samper himself has decided that a clear investigation should be conducted. The justice minister's duty is to act as a guarantor of the appropriate handling of these processes. I believe that is what we are doing.

Despite all its difficulties, Colombia can demonstrate with dignity its democracy before the world; therefore, there is no interference of any sort with the normal handling of the judicial processes under way. I have said this contrasts strongly with the situation in other countries where the government authorities themselves interfere even in the appointment of the judicial officials who will handle actions involving government interests.

In Colombia's case, we have acted with absolute autonomy and honesty on the part of the judicial branch. There has not been one piece of evidence that had been prevented from being published, even after violation of the principle of confidentiality by being leaked to the media. Thus, democracy is working. The important point is that all these circumstances are channeled along the institutional paths of the state of law. The situation is going on the right course, and this demonstrates the strength of all our institutions.

[Arizmendi] Do you agree with the statement made by the spokesman of the political parties that the communique issued by the U.S. State Department is exaggerated, because the government cannot assume responsibility for remarks made by Congress? They are two different branches.

[Martinez] This is certainly the case. Yesterday, I said the government cannot assume responsibility for the individual decisions adopted by U.S. congressmen; similarly, we could not demand a specific answer from the U.S. Government regarding the behavior of one of its congressmen, for instance, Senator Jesse Helms.

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This is quite clear because of the way U.S. democracy operates, and I believe Colombians also understand this point quite well.

Lucio Reacts to U.S. Criticism

PA0710032395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 7 Oct 95

[FBIS Translated Text] [Station announcer Maria Cristina Uribe] Representative Carlos Alonso Lucio, responsible of the latest Colombian incident with the United States, today reacted in Cali to the harsh criticism of President Clinton's administration and he also spoke with a strong tone to reporters.

[Begin recording] [Reporter Harold Lozada] Where did the cassettes come from?

[Lucio] It was, honestly, a story very similar to that of Andres Pastrana. On a Santa Fe de Bogota street, a person with a foreign accent approached me on the corner, he looked American, he told me he was American. He told me it important that I hear this information. He explained that they contained that material, and he gave handed them to me. It was just that.

[Lozada] Why do you think these cassettes were only given to you?

[Lucio] Because I think they know I am not afraid, that I am the type of person that, when something is right, I get to the bottom of it, and because they knew that I was capable of holding a debate on them in the National Congress.

[Lozada] Who could have sent you those cassettes?

[Lucio] I do not have the slightest idea.

[Lozada] Does it probably have something to do with the Rodriguez brothers? You once stated you had met with them.

[Lucio] I do not believe it had anything to do with them because, had it been so, I think they would have sent a lawyer or something like that.

[Lozada] Following the U.S. Government's reaction, who do you think has been hurt by the information you disclosed?

[Lucio] I feel that who is being hurt most with the debate is the United States with its reaction. I consider their reaction to be aggressive. I feel it is a hot-headed response. As long as we demand respect, our relations with the United States and all the countries of the world will have a future. If we get on our knees, we will end up humiliated and suffer from our lack of courage and dignity. [end recording]

[Station announcer Jorge Alfredo Vargas] Lucio's explanation of how the tapes were handed over to him containing the recordings of DEA agents is very similar to that of former presidential candidate Andres Pastrana when he explained how he received the famous narcocassettes that jeopardized President Ernesto Samper's presidential campaign. If this is mere coincidence or not, it is up to us to judge individually. Let us listen to the two explanations:

[Begin recording] [Pastrana, 3 June 1994 file footage] On Wednesday, (15 June) in the foyer of the Cali Intercontinental Hotel, just as I was leaving a banquet that the Valle del Cauca Department officials had held in my honor, a person handed me a cassette and told me it was important.

[Lucio, today] It was, honestly, a story very similar to that of Andres Pastrana. On a Santa Fe de Bogota street, a person with a foreign accent approached me on the corner, he looked American, he told me he was American. He told me he saw it important that I hear this information. He explained that they contained that material, and he gave handed them to me. It was just that. [end recording]

[Vargas] In an interview with the "Seven O'Clock Newscast," international affairs experts said that neither the relations with the United States nor the handling of justice can be determined by what clandestine recordings contain.

[Begin recording] [Lawyer-Historian Alvaro Tirado Mejia] Taping conversations is a crime, however, this has become commonplace in this country. The media report on recordings and they are judicially admissible [se aducen judicialmente]. That is corrupt. Illegally made recordings should not be used as judicial evidence because they are not the products of a crime. It is comparable to a statement made under duress, for example.

[Political expert Ivan Orozco] I would prefer to hear that we do not grant it credibility because more serious than the information we were given is the way it was given, because of the global costs to society. I am not an optimist. I am convinced that public opinion will continue to pass political judgment and hand down political sentences based on bad information.

[International affairs expert Juan Tokatlian] Colombia needs to improve its bilateral relations with the United States in an open and honest fashion, to settle its agreements and disagreements with Washington. This matter of cassettes only serves interests that hurt our

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country, only harbor blackmail, and only darken the truth of the basic problems tied to drug trafficking. [end recording]

Cartel 'Accountant' Links Mexico's Zedillo to Cali Funds

PA0910044695 Madrid EFE in Spanish 1902 GMT 8 Oct 95

[Quotation marks as received]

[FBIS Translated Text] Santa Fe de Bogota, 8 Oct (EFE) — Guillermo Pallomari, the alleged Cali Cartel accountant, has stated that Colombian drug traffickers have ties to Mexico's Gulf Cartel and donated money to the campaign of President Ernesto Zedillo.

The statement, as published today, Sunday, in CAMBIO 16-COLOMBIA magazine, was given to the weekly by a DEA source, citing the revelations by the Chilean Pallomari, alias "Reagan," who turned himself in to U.S. authorities and offered to "cooperate in exchange for protection."

The weekly stated that Pallomari "has also revealed information on Cali Cartel ties and connections to the well-known Gulf Cartel chief Juan Garcia Abrego. In Mexico, the government has seized goods worth over $40 million."

One of Pallomari's most surprising revelations is that the Cali Cartel also donated money to President Zedillo's campaign in Mexico, although unbeknownst to him, the DEA informant told the magazine.

The source also affirmed that the accusations by "Reagan," who is in the hands of U.S. authorities "implicate" former Venezuelan President Carlos Andres Perez, who was dismissed in 1993 and is currently under house arrest in Caracas.

Pallomari, a key witness in the investigation on the Cali Cartel's alleged infiltration in the campaign of President Ernesto Samper and the payoffs to over 100 politicians, acknowledged he has "no proof" against the president or former Conservative presidential candidate Andres Pastrana.

"Neither Samper nor Pastrana personally collected checks or packages of cash from the Cali Cartel," Pallomari declared, according to the source, who also said that the United States has classified as a state secret the identities of the Conservative politicians whom the accountant said he gave checks to.

Another person cited by Pallomari, according to the informant, is Colombian actress Margarita Rosa De Francisco, famous in several Ibero-American countries for her role as "Gaviota" in the soap opera "Cafe," who was charged together with several beauty queens of "helping 'launder' money through inflated contracts."

According to the weekly, Pallomari "has negotiated his freedom, a change of identity, and a lot of money for giving Washington not only the copies of more than 350 checks compromising 318 prominent Liberal and Conservative politicians, but also "for disclosing bank accounts in Colombia, the United States, Panama, Venezuela, and Costa Rica.

He added that in the United States bank accounts in excess of $350 million have already been frozen, and the businesses and properties of arrested Cali Cartel leaders Miguel and Gilberto Rodriguez Orejuela and Jose Santacruz, as well as fugitive Helmer Herrera have been searched.

CAMBIO 16-COLOMBIA stresses that Pallomari's declaration to the U.S. authorities is maintained under strict reservation and "it has not even" been given to Colombian Prosecutor General Alfonso Valdivieso, who returned one week ago from an official U.S. visit.

Meanwhile, the informant said that the United States "is seeking the downfall" of Colombian Interior Minister Horacio Serpa, who caused a diplomatic bilateral crisis two weeks ago by suggesting that the DEA was behind a plan to destabilize the government of Samper, although he later downplayed the importance of his statements.

Report: Cali Cartel Financed Campaign

PA0910045795 Paris AFP in Spanish 0040 GMT 9 Oct 95

[FBIS Translated Text] Santa Fe de Bogota, 8 Oct (AFP) — CAMBIO 16 magazine, the Colombian edition, reported this Sunday, 8 October, that the Cali Cartel gave money to current Mexican President Ernesto Zedillo's presidential campaign as well as to former Venezuelan President Carlos Andres Perez.

Moreover, the magazine said President Samper's electoral campaign as well as the campaign of the losing Conservative Party candidate, Andres Pastrana, did not receive financing from the Cali mafia, but 318 Colombian Liberal and Conservative politicians did receive it.

The weekly said the information was provided to it by an unidentified source from the DEA, a U.S. narcotics agency, based on statements made by Chilean Guillermo Pallomari, alleged chief of finances of the Cali Cartel, who recently turned himself in to the U.S. authorities.

In exchange for a huge sum of money, a new identity, and protection for him and his family, Pallomari — according to CAMBIO 16 magazine — gave the U.S.

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justice system ample information about the domestic and international activities of this criminal organization.

The evidence includes copies of more than 350 checks sent to Colombian congressmen and politicians, whose names were classified "top secret" by the U.S. authorities, who refused to provide them to Colombian Prosecutor General Alfonso Valdivieso, who just visited Washington, the magazine said.

The statements made by the former accountant of the Cali Cartel allowed the U.S. justice system to freeze the Cartel's bank accounts in Venezuela, Panama, Costa Rica, and Colombia, Pallomari said.

CAMBIO 16 added that according to the accountant, the electoral campaign of the current Mexican president was financially supported by the Cali Cartel through the Gulf Cartel headed by Juan Garcia Abrego. He also involved former Venezuelan President Carlos Andres Perez, who was taken out of office in 1993.

Pallomari, however, reportedly said that Zedillo was not "aware" of the source of the money.

According to Pallomari, a well-known Colombian actress and several beauty queens have reportedly cooperated in the laundering of drug trafficking money by means of "inflated" contracts.

Valdivieso on Trying Samper; Urges Explanation From DEA

PA0810030695 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 8 Oct 95

[From the "AM/PM Newscast"]

[FBIS Translated Text] Prosecutor General Alfonso Valdivieso Sarmiento today said that he is not empowered to investigate the president, but if the Constitutional Court orders him to do so, he must. As for Deputy Carlos Alonso Lucio's statements, Valdivieso refused to respond to them, because Lucio's words are contemptible.

[Begin recording] [Reporter Olga Helena Fernandez] Are relations between the United States and Colombia tense?

[Valdivieso] Yes, they are tense. I think this could be expected or natural. I feel the DEA has to explain many misunderstandings and confusion that have arisen in the wake of diverse statements.

[Fernandez] The Defense Committee ruled yesterday the Prosecutor General's Office must try the president. Do you agree?

[Valdivieso] We feel that matters fall within the purview of the Chamber of Representatives. If the Constitutional Court rules otherwise, it must be obeyed.

[Fernandez] Carlos Alonso Lucio accused you of covering up DEA agents and also of having no dignity. How do you feel about that?

[Valdivieso] There are no grounds for any of his statements; therefore, I repeat, I will not comment on it, as I find them contemptible.

[Fernandez] How are your relations with the executive?

[Valdivieso] We cannot say they are the best they can be whenever friction between government officials and the Prosecutor General's Office arises. They do not, however, undermine normal relations from the standpoint of institutions.

[Fernandez] Will Alejandro Pallomari Gonzalez, the Cali Cartel treasurer, be a witness in Case 8,000?

[Valdivieso] We have already asked for a study regarding a petition to that effect. We hope it can be done.

[Fernandez] Will this be the first time in which Colombians witness a trial that comes to an end, no matter who falls, or will it happen like all the other cases?

[Valdivieso] To do otherwise would be tantamount to dereliction of duty, and this is not going to happen. The justice system, not just with respect to this case but with respect to all cases, is committed to conclude cases in a normal manner. This is what is going to happen. If that is what reaching the final consequences means, or if this involves persons, no matter whom they may be, this is what will be done. I think we must view this as a normal thing, as this is exactly the purpose and objective of the actions by the justice system. [end recording]

Samper Views Visit to Germany, Urges Faith in Country

PA0710213595 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1800 GMT 7 Oct 95

[Interview with President Ernesto Samper by special correspondent Frnacisco Tulan; in Hamburg, Germany, on 7 October; from the "Cripton Newscast" — recorded]

[FBIS Translated Text] [Tulan] This is the "Cripton Newscast" from Hamburg reporting on the final part of President Samper's three-day visit to Germany. Mr. President, good afternoon. Overall, in your visit to Germany, do you have anything positive to take back to Colombia?

[Samper] Well, yes, Francisco. The truth is that we have first attained the German Government's support

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for maintaining the preference tariff system, which has largely benefited Colombian products in the European market. Apparently, the 50 businessmen who came with me held very successful meetings with their German counterparts and have done a lot of business.

[Tulan] Are you not somewhat afraid to face again the great phantom of Colombian problems, the 8,000 Case, and everybody's demands for Dr. Horacio Serpa's head?

[Samper] Well, the truth is that I am little worried about what is happening in the country because I am not sure if Colombians realize how important our country is, how much we are respected and how much help we are offered abroad, and how much our economy is worthy of any country's pride. Many businessmen are even destroying this image and are creating a nonexistent situation by somehow publicizing their pessimism. I believe that as a reflection and moral lesson I am taking back to Colombia, I will continue urging Colombians to be more open-minded and have a more positive attitude toward what we have and what we can achieve.

[Tulan] Mr. President, thanks a lot. Have a safe trip back to Colombia. This is Francisco Tulan from the "Cripton Newscast" in Hamburg, Germany.

Industrialists Said Beginning To Withdraw Samper Support

PA0910141895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 9 Oct 95

[Report by Hollman Morris from the "AM/PM Newscast"]

[FBIS Translated Text] The production associations that had openly supported President Samper are beginning to withdraw their support. The industrialists can no longer tolerate the government's political crisis, which is beginning to affect them directly.

The president of the ANDI [National Association of Industrialists] has seriously questioned the administration and is calling for the truth of the matter, the president's leadership and is even insinuating that Interior Minister Horacio Serpa should resign. President Samper had this to say today:

[Begin Samper recording] I honestly do not believe those comments are not in keeping with reality of what we are pursuing; that is, lower inflation, an increase in exports, an economy that would be desirable to any Latin American country. We should stop screaming at each other. [end recording]

Serpa's remarks a few weeks ago threatened trade relations with the United States, given industrialists are willing to do whatever it takes, even withdraw their support of the president, to save their investments:

[Begin Serpa recording] No one believes an entire economic policy can collapse in a day or two. I have listened with interest but have no particular interest in creating controversy. [end recording]

Even though Samper insists the storm has passed, the administration's lack of legitimacy is tangible and is creating uncertainty regarding the investments this country should make. It is difficult to invest in a ship when you do not know what seas it will sail, where it is headed, and who its captain is.

Reportage on Territorial Incidents With Venezuela

Ship Seized; Helicopter Incursion

PA0910033695 Mexico City NOTIMEX in Spanish 0246 GMT 9 Oct 95

[FBIS Translated Text] Santa Fe de Bogota, 8 Oct (NOTIMEX) — The seizure of a Venezuelan vessel, the occupation of Colombian territory by foreign helicopters and troops, and the death of two soldiers were all part of a day of altercations at the Colombian-Venezuelan border.

Police and military organizations reported the seizure of a Venezuelan fishing boat working for a Nicaraguan company, while conducting its activities in Colombian waters.

The boat was escorted by a Colombian Navy ship toward the San Andres Archipelago. Its crew members were turned over to police forces.

Four Venezuelan helicopters flew over the Perija Mountain Range, in Colombia, occupied a technical television station, fired shots in the air, said they were in Venezuelan territory, and later abandoned the region.

The local media also picked up on a report released by the Venezuelan authorities, according to which a National Liberation Army (ELN) command attacked a Venezuelan patrol near the town of Guasdualito, on the Venezuelan side of the border.

Two Venezuelan soldiers were killed in the incident. The incidents took place three weeks after the seizure of two Colombian boats by the Venezuelan Navy in waters that have been disputed by both countries for the past 40 years.

On that occasion there were threats of strong diplomatic action, which were quickly appeased, but the situation has become delicate now because of the pressures of certain Colombian groups, who demand that their government issue a strong protest against their neighbor.

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The Colombian Government has refrained from speaking out on this Sunday's incidents.

Venezuelan Helicopters Violate Airspace

PA0910152695 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0505 GMT 9 Oct 95

[FBIS Translated Text] An apparent climate of tension began emerging on the Colombian-Venezuelan border after it was reported that four Venezuelan helicopters violated Colombia's airspace. Two of the helicopters with 18 soldiers on board landed at an Inravision [National Institute of Radio and Television] station and remained there for three hours; the soldiers even fired their weapons. It was concurrently announced that two Venezuelan soldiers were murdered by Colombian guerrillas in Apure State, Venezuela.

The incursion into Colombia by Venezuelan military forces took place on 8 October in the municipality of Manaure, Serrania de Perija, Cesar Department, the Inravision operator in this mountainous area disclosed. The Venezuelan National Guard troops thought they were in their own territory and occupied the Inravision station between 1100 and 1400.

Describing the incident, Inravision Operator (?Jaime Rubio), who was on duty at the time, said several members of the 18-man patrol descended from the helicopters and fired several times for no reason whatsoever. According to (?Rubio), the incident took place after four military helicopters overflew the area and two of them subsequently landed with 18 guardsmen under the command of Captain Antonio Sanchez, who was certain they were in Venezuelan territory: I told him that they were mistaken, that they were in Colombian territory, and that they were invading. They took out a map to locate their coordinates, and I called former Inravision Director Jose Jorge Dangon, who told them they were mistaken.

Defense Minister Details Incidents

PA0910150695 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 9 Oct 95

[Telephone interview with Defense Minister Juan Carlos Esguerra, place not given, by Caracol News Director Dario Arizmendi in the network's studio in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] There have been several incidents with Venezuela in the last few hours. Have there been direct communications? Has the red phone been used?

[Esguerra] No, it has not been necessary, but I am going to explain what this affair has been all about, because, in fact, we should not even describe as incidents the two isolated events that took place.

The first one was part of a coordinated operation between the Venezuelan and Colombian Armed Forces. Many such operations have been carried out in recent times. For example, the Venezuelan defense minister and I participated in an operation on the border along the Arauca and Meta Rivers up to Puerto Carreno last week. Venezuelan and Colombian troops were participating in an operation in the border area. During that operation, two Venezuelan helicopters inadvertently landed in Colombian territory thinking they were in Venezuelan territory. As soon as they realized their error, they immediately took flight, and the Venezuelan general a few minutes later spoke to General (Agrada), the Army's 1st Division commander who was in charge of coordinating the operation on our side of the border to explain the situation and to make it clear that it had merely been an accident.

[Arizmendi] Were shots mentioned at any time?

[Esguerra] No, there were no shots of any kind. No such thing happened. The only true thing was that, as I said, two Venezuelan helicopters landed briefly in Colombian territory, but nothing happened; there were no shots or anything like that. I repeat: It was simply the routine progression of coordinated operations that were being carried out in different sectors of the common border and that have been decided by the Armed Forces on both sides of the border, let us say, to improve the situation of public order on both sides of the border in recent months.

In another completely different location.... [pauses] Because this event with the helicopters occurred in the Perija Mountain Range, let us say, well to the north, in Guajira, it seems that two members of the Venezuelan National Guard were killed in yet to be clarified circumstances in the Venezuelan state of Apure; that is, opposite Arauca Department. They were traveling from the post of La Victoria, which is a Venezuelan National Guard post near the border with Colombia, and the Guasdualito Command, where there is a large Venezuelan military detachment. I visited the detachment last week.

A group of five Venezuelan National Guard members was attacked. We do not know yet who the attackers were, but everything seems to indicate it was a purely domestic action in Venezuela. Two of the guardsmen were killed. It had been said initially that this might have been an attack by Colombian guerrillas, but the investigations have ruled out this possibility so

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far. As is logical, these investigations are essentially being conducted on the Venezuelan side by Venezuelan authorities, but we are providing every cooperation from our border post in Arauca.

[Arizmendi] What about the seizure of a vessel registered in Nicaragua but which was working for a Venezuelan firm? It was seized in Colombian waters.

[Esguerra] That is right. The vessel was in Colombian waters and as international law establishes can be seized to find out what kind of activities it was conducting and so that the appropriate regulations can be enforced. These are things that occur frequently and that are handled through institutional channels such as telephone calls between the commanders of the Venezuelan and Colombian Navies. At other times, Venezuelan Minister General Moises Orozco and I speak over the phone and resolve whatever problem, because fortunately we are living in times in which we have very good relations. Things are resolved, as they should be, as between brothers, willingly and through a telephone call.

[Arizmendi] Given that we are talking with you, what about the situation of public order in Cundinarmaca Department, the clashes with certain fronts of the FARC [Revolutionary Armed Forces of Colombia] in Fomeque, in the outskirts of Santa Fe de Bogota?

[Esguerra] We have had armed contacts in various sites of Cundinamarca Department between the Army and police on one side and certain guerrilla squads on the other. As you mentioned, there have been intense and lengthy armed contacts in the area of Fomeque in recent days. These contacts have involved Mobile Brigade No. 1, which, as you know, arrived in Cundimarca Department recently to reinforce the military presence in the area. We have also had some important armed contacts with the 42d Front of the FARC in the area of Anolaima where the police and Army are pursuing those responsible for the murder of Dr. Sojo Zambrano.

[Arizmendi] Are the clashes continuing in Fomeque?

[Esguerra] Yes, the clashes continue in Fomeque; they have been very hard and intense. Unfortunately, they have claimed the lives of four soldiers and one noncommissioned officer. We have inflicted important casualties on the guerrillas, as can be deduced by the military equipment we have seized, such as rockets, rifles, and, as I understand, one or two machine guns. This indicates the guerrillas have also sustained significant casualties although we do not know the exact number, because the bodies of the guerrillas have not been found.

[Arizmendi] Police Director General Rosso Jose Serrano and General Luis Enrique Montenegro are definitely not retiring from the police?

[Esguerra] No, absolutely not. The government, as is the country, is extremely satisfied with the work the director and deputy director of the police have been carrying out. There is just speculation by certain media. We really do not know what is behind this speculation, but such speculation does not respond to reality in any way as far as the government and national police are concerned. We are very satisfied with them, and from what I have heard from Serrano, he is also satisfied with his work; therefore, we must simply keep on working.

Helicopter Landing Part of Joint Operation

PA0910171695 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1608 GMT 9 Oct 95

[Report by Carlos Gomez Herrera]

[FBIS Translated Text] General Camilo Hernando Zuniga Chaparro, a Colombian Armed Forces commander, has just said that the operation during which four Venezuelan Air Force helicopters entered Colombian territory was arranged with the Colombian Armed Forces, that the helicopters were in Colombian territory for only a brief time, and that they were 1 km from the Colombian border as part of an operation during which a few drug traffickers were captured:

[Begin Zuniga recording] I am hereby informing you—because I am fully aware of what has happened between the Venezuelan and Colombian military forces, specifically Colombia's 2d Brigade and Venezuela's 11th Brigade—that they were carrying out joint operations. Some helicopters landed in Colombian territory during the progression of these joint operations. The events there have been misrepresented. I have evidence and can confirm that their landing was involuntary and that they returned to Venezuela as soon as they were told. [end recording]

Zuniga spoke at the installation of the 25th Mutual Logistical Support Committee in which Air Forces from all over America are participating.

Mountain Range Incursion by Troops

PA1010041395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 10 Oct 95

[Report by correspondent William Calderon; from the "Seven O'Clock Newscast"]

[FBIS Translated Text] Not even 12 hours have elapsed since it was charged that Venezuelan aircraft had violated Colombian air space, when a new incident occurred today at noon in the same area. This was announced by the Inravision official who looks after the

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transmitters in the mountain region of El Perija. The new violation of Colombian territory by Venezuelan National Guardsmen occurred today in the mountain range of El Perija. According to Jaime Rubio, operator of Inravision, who is based in El Avion base, 12 Venezuelan troops entered Colombian territory, despite the fact that they had been told about yesterday's episode.

[Begin Rubio recording] When they left, they had already been in the area for four hours. They opened fire several times. They opened fire about 60 times, and one of them launched a grenade at a bulldozer. They returned again and are nearby. They are close to our station. Yesterday it was the Venezuelan Army and today it is the Venezuelan National Guard. [end recording]

According to the same Inravision official, yesterday the Venezuelan Army entered Colombian territory with four helicopters and 20 soldiers who stayed for four hours. Upon leaving Colombian territory they opened fire about 60 times with rifle fire and launched a grenade at a bulldozer of El Cesar government house. In Santa Fe de Bogota, however, the commander of the military forces said today that everything was due to an error of the Venezuelan military.

[Begin recording] [General Camilo Zuniga, commander of military forces] I already explained what happened. I am telling you the truth, believe me.

[Unidentified reporter] Do you mean there was no incident?

[Zuniga] There was no incident. [end recording]

Colombian military presence in the region is minimal. Today Inravision officials said that a Colombian helicopter had overflown the region but did not land.

Defense Minister: Troop Incident 'Error'

PA1010042395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 10 Oct 95

[Interview with Defense Minister Juan Carlos Esguerra by William Calderon at the Defense Ministry in Santa Fe de Bogota; from the "Seven O'Clock Newscast" — live]

[FBIS Translated Text] [Calderon] We are here in the office of Defense Minister Juan Carlos Esguerra. Minister, until now, the statements by the authorities are very contradictory in terms of what was said at the site of the incident yesterday. Why is this?

[Esguerra] That is because it is a geographic area to which access is difficult, and we have received reports from different sources and of a different sort. I want to tell you that I spoke personally on the telephone this morning with the Venezuelan defense minister, with the Venezuelan ambassador in Santa Fe de Bogota, and with the Colombian ambassador in Caracas. We have received reports from the commander of the 1st Army Division, and we believe the episode cannot be given too much importance. What it involved was an error of position first by the Venezuelan helicopters and then by the Venezuelan National Guard.

[Calderon] Minister, the fact that soldiers entered the territory, opened fire 60 times with rifles, launched a grenade at a tractor, and today entered Colombian territory again — the same thing twice regarding an incident of that magnitude — cannot be labeled an error.

[Esguerra] Well, the truth is that I have received very clear, very specific, and very concrete reports from the Venezuelan defense minister, who told me there had not been any firing of any kind. General Adrada, who previously received information and had occasion to speak to General Lara of the Venezuelan Army, has also received similar information. To me, the word of the Venezuelan defense minister is worth gold, and I believe what he said. Thus far, we have learned that the Inravision operator has different reports, which we are trying to clarify.

[Calderon] You believe the Venezuelan military and not the Inravision operator?

[Esguerra] I believe in principle what the Venezuelan defense minister and the Colombian military have said. What the Colombian military told me coincides with what the Venezuelan defense minister has told me. I reiterate, we did not have any knowledge until this afternoon about the reports that appear to have been given by the Inravision operator. We will try to determine exactly what happened. Those and other facts are relatively simple to clarify, and we are going to do so.

[Calderon] Mr. minister, thank you very much, you have been very kind. That is all, Jorge Alfredo, good evening.

Ambassador to France Resigns, Cites Campaign Funding Issue

PA1010043295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 10 Oct 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The resignation of Colombian Ambassador to France Gloria Pachon de Galan has been made official. About one month ago, the magazine SEMANA spoke about Ambassador Pachon's resignation

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from her post in France for reasons that nobody dared to mention at the time. She, however, denied the rumors.

Despite this, today she presented President Samper with her letter of resignation in which she makes an assessment of her efforts as ambassador. To conclude she says, quote: Upon adopting this decision, I want the government to satisfactorily clear up the questions that have arisen in the past few months about the financing of the presidential campaign. In the same manner, I am sure that you, Mr. President, and the Liberal Party will continue to maintain your support of the prosecutor general and of the justice branch, which is the only way to get to the truth and, therefore, to strengthen the democratic values that have characterized the country.

President Samper, on accepting the resignation, congratulated the ambassador for her work and said he agreed with her that Colombians are entitled to know the truth.

Army Reveals FARC Plan To Attack Santa Fe de Bogota

PA0710031895 Santa Fe de Bogota EL TIEMPO in Spanish 4 Oct 95 p 3A

[FBIS Translated Text] Cundinamarca Department has become the main war objective of the FARC [Revolutionary Armed Forces of Colombia] in an attempt to lay siege to Santa Fe de Bogota.

The 450 rebels which operate in Cundinamarca Department under the command of rebel leader Jorge Briceno Suarez, aka "El Mono Jojoy," are advancing intelligence work to make an attempt against the Guavio Dam, Narino Palace, and the Defense Ministry, among other targets.

Documents seized from the guerrilla forces reveal that, following the guidelines of the 7th and 8th National Conferences, the FARC wants to establish a strong presence near the capital. This plan is called the Simon Bolivar Campaign for a New Colombia.

According to the documents, during the two conferences, the FARC decided to take control of the eastern sierras. The rebel group intends to raise 36,000 armed men throughout the country to try to take power.

According to the authorities, for this reason the rebels currently have eight fronts, two mobile companies, and the so-called Simon Bolivar Militias, which operate in the urban areas of the municipalities, operating in Cundinamarca Department.

The rebel group has a total of 450 men in Cundinamarca Department under the command of "El Mono Jojoy," a member of the secretariat and of the Eastern Bloc General Staff.

The Eastern Front Bloc is carrying out its plans to approach the capital from the southern region of Sumapaz to the heights of the Ramanal plateau.

The Eastern Front Bloc has chosen as its center of operations a strip which extends from the southern Sumpanaz to the high Guasca plateau in the eastern sierras.

State intelligence organizations affirm that the "specific idea of the FARC is to urbanize the conflict."

To achieve this, the FARC seeks to restructure the Simon Bolivar Militias by providing them with the corresponding infrastructure, such as motorcycles, vehicles, weapons, etc. In addition, they intend to create an urban front that will be independent of the militias.

According to military sources, the FARC intends to make an attempt against the lives of high-ranking military and police officers and continue to carry out attacks and timely operations which they began six months ago in areas near Santa Fe de Bogota, taking advantage of the wide media coverage given these acts.

The FARC also seeks to show its strength by killing political figures such as occurred last Saturday when members of the 22d Front killed former Minister Jose Raimundo Sojo Zambrano.

The 22d Front also kidnaped former Santa Fe de Bogota Mayor Julio Cesar Sanchez on 8 July for whom they demanded a $6 million ransom. The army freed the liberal leader on 6 August.

According to military intelligence forces, the FARC also intends to attack government installations such as the Defense Ministry and Narino Palace.

The authorities say that this strategy is being used by the rebels because they do not have the resources to maintain long-term offensive operations.

Attacks

In May, two policemen and one civilian were killed by 22d Front rebels, which tried to take the town of Silvania.

Likewise, on 30 May, the Kennedy Police Station was attacked by rebels, and two policemen were killed.

This was the most salient attack perpetrated in the department during the most recent rebel wave of attacks, which include an attempt to take Silvania, Cundinamarca Department, and three roadblocks set up on the road linking Choaci and Santa Fe de Bogota, where six soldiers were massacred.

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Likewise, military sources confirm that the Guavio Dam has become one of the most important war objectives of the FARC.

A high-ranking Armed Forces official said: "The FARC intends to attack the dam's infrastructure, and thus leave Santa Fe de Bogota without water."

Initially, to counteract this situation, the Armed Forces is increasing the number of troops in the area.

The 2d Mobile Brigade was transferred from Meseta, Meta Department, to the heart of the Cundinamarca Department and on Thursday it will be presented to the citizens in a ceremony to be held in Mosquera, Cundinamarca Department.

These 1,500 men will join two new counterinsurgency battalions which began operating in the area in September. A total of 15,000 soldiers are operating in Cundinamarca Department of which 5,000 are officers and subordinate officers, and the remainder are soldiers.

Fronts

22d Front. Yacopi, Caparrapi, Guaduas, Rionegro, Topaipi, La Pena, La Palma, and Villagomez.

100 men. Its leader is Rafael Gutierrez, aka "Leon".

25th Front. Cabrera and El Sumapaz.

70 men. Its leader is "Abel."

42d Front. San Juan de Rioseco, Beltran, La Mesa, Alban, Facatativa, Viani, and Puli.

80 men. Its leader is "Ernesto Orjuela Tovar" or "Idelfonso Beltran Herrera."

51st Front. Caqueza, Guayabetal, and Gutierrez.

70 men. Its leader is Vladimir Gonzalez Obregon.

52d Front. Cabrera, Albania, Pasca, and San Bernardo.

70 men. Its leader is Julio Enrique Tincon Rico, aka "Nelson Robles."

53d Front Junin and Claraval, Meta Department, and San Juanito, El Calvario Monfort, and Restrepo.

60 men. Its leader is Henry Castellanos, aka "Romana."

54th Front." Gachala, Gama, Medina, San Pedro de Guarajay, Gacheta, Guasca, and Guatavita.

40 men. Its leader is Jose Gilberto Grajales Rincon, aka "Joaquin Ballesteros."

55th Front. San Bernardo, Santa Rita, Fusagasuga, and Silvania.

60 men. Its leader is "Gilberto Chicoque."

Manuela Beltran Company. Carupa, Susa, Ubate, Fuquene, and Sutatausa.

50 men. Its leader is Salvador Gonzalez Chaparro, aka "Vladimir Estivel."

Policarpa Salavarrieta Company. Yacopi, Topaipi, La Palma, El Penon, Paime.

40 men. Its leader is Jesus Maria Piedrahita, aka "El Che."

Simon Bolivar Militias. Operate in urban zones close to areas where the guerrilla fronts are operating.

Ecuador

Further on Proceedings Against Vice President

Congress Lacks Quorum To Impeach Dahik

PY0610130095 Madrid EFE in Spanish
1236 GMT 6 Oct 95

[FBIS Translated Text] Quito, 6 Oct (EFE) — With all votes the cast, the Ecuadoran Congress today rejected a motion of censure and removal raised against Vice President Alberto Dahik, a conservative party member. The motion was raised on charges of bribery and offenses to national honor.

The motion, which has been discussed since 2 October at the national congress, received the support of only 39 of the 52 deputies needed to approve it.

'Strategies' Prevent Dismissal

PY0610211695 Madrid EFE in Spanish
1523 GMT 6 Oct 95

[Report by Pilar G. Loarte]

[FBIS Translated Text] Quito, 6 Oct (EFE) — Strategies used by the Ecuadoran congressional blocs in view of the upcoming general elections in 1996 played a decisive role for the vice president of the Republic, the conservative Alberto Dahik, to emerge unscathed from the motion of censure against him.

Commentators believe the arguments vehemently upheld by Dahik during his defense and rebuttal of the past few days were not convincing enough to definitely decide his political fate.

First, he argued that the motion of censure against him for alleged bribery and serious crimes against national dignity lacked any legal grounds.

In his second and main defense argument, Dahik leveled his counterattack on the Social Christian Party (PSC), the party with the largest representation in Congress,

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whom he charged with the same crimes of which he was accused for having a pact with the executive branch, which the vice president labelled "co-government."

As a result of that agreement, "which went beyond the simple legislative order," the PSC secured a great number of important posts for its members and 200 billion sucres ($77 million) of budgeted and non-budgeted allocations.

With the argument of a "co-government," Dahik sought a double effect of accusing the PSC — if bribery means distributing funds to obtain congressional support, accepting them is also bribery — and of listing the repercussions his removal would have on the results of the presidential and legislative elections next May.

In his final speech yesterday, Dahik said: "I am here for electoral reasons. My removal would help the PSC give the sensation that it really was an opposition to the government and they would go around saying that they were the ones who dismissed Dahik."

"This is the key issue in this trial," he added, referring to the fact that his removal would favor the PSC, the leading party in the electoral preference, while his acquittal would have the opposite effect and would broaden the chances of other parties.

The Ecuadoran Roldist Party (PRE) swallowed the bait thrown by the vice president. Even though the PRE was one of the parties that promoted Dahik's impeachment, in the end it decided that its nine deputies would abstain from voting.

Shortly after Dahik ended his last address to the session, which started yesterday and extended past midnight with the debate and final vote by the deputies, PRE leader Abdala Bucaram reached an agreement with the Popular Democracy Party (DP) to also abstain.

Bucaram, PRE presidential candidate for the May 1996 elections, asserted that the PSC "is defeated." He added that the PRE and the DP reached an agreement to jointly support the respective party that makes it to the runoff of the presidential elections.

The vice president's acquittal — thanks to the support of the Conservative Party, independent legislators, and the abstention of the PRE and the DP — does not meet the expectations awakened among Ecuadoran public opinion which regarded it as a stepping stone toward ending the ancient evil: corruption.

According to a poll by the private polling company Cedatos, the arguments used by Dahik to defend himself did not fully convince the citizens because only 37 percent of the people polled said they believed he was innocent, while 64 percent said he should resign.

The failure by Congress to fulfill the citizen's expectations in the "Dahik case" entails a loss of confidence in the legislative branch in favor of the executive branch, which plans to restrict the power of deputies to appoint and dismiss public servants.

Likewise, political observers wonder about the effect this acquittal will have on the penal procedure Dahik will face in the Supreme Court of Justice on charges of alleged misuse of discretionary funds allocated to the vice presidency.

Lastly, it remains to be seen if the Ecuadoran president, the conservative Sixto Duran-Ballen, will review his 29 September resignation request to Dahik — who managed to emerge unscathed from this battle.

Civic, Workers Groups Disappointed

PY0610231095 Madrid EFE in Spanish
1703 GMT 6 Oct 95

[FBIS Translated Excerpt] Quito, 6 Oct (EFE) — Social and workers groups today expressed their dissapointment over the acquittal in Congress of Vice President Alberto Dahik, who was accused of presumed bribery and violations of national honor.

Carlos Arcos, spokesman of the "Clean Hands" civic movement [Movimiento Civico "Manos Limpias]," has told EFE: "We are deeply disappointed because in the Ecuadoran political system, corruption is awarded with impunity and politicians are above good and evil."

"If Congress has disappointed public opinion once again, we hope the Supreme Court of Justice (CSJ) will punish Dahik," he added, referring to the CSJ criminal suit against the vice president for the presumed unlawful use of state discretionary funds.

He said that Congress has demonstrated an absolute "contempt" of public opinion, the great majority of which, according to polls, called for the impeachment and dismissal of the vice president, who was acquitted today in an impeachment that began last Monday, 2 October.

Concerning the uncertain situation of the vice president in his post, following President Sixto Duran-Ballen's request for his resignation, Arcos said that if Dahik remains in his post, "it will be proven that the true president is he and not Duran-Ballen." [passage omitted]

Adolfo Nieto, organizations secretary of the Confederation of Ecuadoran Workers (CTE), told EFE today that the impeachment against Dahik "was only a 'show,' a political platform for the 1996 general elections."

The acquittal was a political agreement, Nieto said, upon stating that the corruption charges brought up by the

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vice president during his rebuttal in Congress "will end in nothing."

He added: "In this country nothing is going to happen because all (the politicians) are riding the same train. Everyone has received and has blackmailed, while people are still suffering the effects of a policy which has no plans or goals."

Monsignor Jose Mario Ruiz, president of the Ecuadoran Episcopal Conference, has stated that Dahik's impeachment in Congress displayed "remarks too absolutist to be in keeping with the serene quest for truth."

Msgr. Ruiz told EFE that he had the impression that "an electoral campaign rather than a serene quest for truth was set up in Congress," and called upon Ecuadoreans to remain "calm" during Dahik's trial. Dahik is considered the architect of the current government's economic policy.

Union Organizations To Protest

PY0710012595 Quito Voz de los Andes in Spanish 2300 GMT 6 Oct 95

[FBIS Translated Text] Ecuadoran union organizations have threatened to begin protest movements as of next Tuesday to reject the acquittal of Ecuadoran Vice President Alberto Dahik.

The trade union organizations will begin protest movements as of next Tuesday to demand the immediate resignation of the vice president.

We will march to the Government Palace, to Congress, and to the Defense Ministry, union leader Ramiro Izurieta said today in remarks to a local radio station. We are going to call upon the civilian society to express their rejection as well. We are going to hold an urgent meeting with all union board leaders because things cannot remain as they are in the country, and we want to hold the government responsible for what could happen, Izurieta said.

Attention Focusing on CSJ Suit

PY0610225695 Madrid EFE in Spanish 1532 GMT 6 Oct 95

[FBIS Translated Text] Quito, 6 Oct (EFE) — Now that the impeachment motion against Ecuadoran Vice President Alberto Dahik has been rejected in the Ecuadoran Congress, the country is focusing its attention on the criminal suit filed against him for the unlawful use of discretionary funds.

The vote of 39 of the 77 deputies was not sufficient to dismiss Dahik today, because an impeachment requires two-thirds of the total, or 52 votes.

Twenty other deputies voted against the motion, 14 abstained, and four did not cast their votes during the marathon session that lasted almost 15 hours.

Dahik was facing accusations of bribery and violations of national honor in the so-called "impeachment of the century" in Ecuador, proceedings that were initiated three months after he himself admitted the fact that the government had yielded to the "blackmail" of judges, deputies, and other high-ranking officials to secure approval of laws of its interest.

Although Dahik was acquitted by Congress, attention is now focusing on the Supreme Court of Justice (CSJ), where Dahik is facing a criminal pre-trial inquest for the presumed unlawful use of discretionary funds earmarked for the Vice Presidency.

The criminal action began when deputies of the Social Christian Party (PSC), in the opposition, reported in August 1995 that Dahik had authorized two of his secretaries to handle money from the discretionary funds deposited in private current accounts of a private bank.

This criminal action has supposed, to date, preventive arrest warrants against his secretaries Gladys Merchan and Juan Mario Crespo, and against former Foreign Minister Diego Paredes. The three are presently fugitives from justice.

The only arrest warrant that has been implemented or carried out is that issued against former bank superintendant Ricardo Munoz, who is being held at a hospital in the Andean town of Cuenca with hypertension problems.

Abdala Bucaran, the presidential candidate for the Ecuadoran Roldist Party (PRE), has said that Dahik will be found "guilty" in the criminal suit. Bucaran said: "He will not escape this suit."

Cesar Verduga, president of the Latin American Human Rights Association (ALDHU) and former Ecuadoran government (interior) minister, stated today that the most difficult problem for Dahik is the one he is facing at the CSJ."

"I do not think the judicial system has changed overnight," Verduga added, while Deputy Juan Castaner, of the Conservative Party, said that although Dahik was acquitted in Congress, "he will have to reveal the truth at the CSJ."

Ecuadoran President Sixto Duran-Ballen, a conservative, announced on 5 October that he had issed a "classified" decree by which he becomes the sole guardian of the microfilms on the accounts opened at a private bank with money from the discretionary funds, which are the object of a judicial investigation.

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The microfilms, which CSJ President Carlos Solorzano intends to review, have prompted a great conflict in the country due to the fact that they might be essential to determine Dahik's culpability.

According to the Carondelet presidential palace, the microfilms will be kept in the safe of the Central Bank, which was seized last Friday by National Police special forces who, upon disarming the security guards, became the guardians of the documents.

After explaining that "there is no division within the government," Jose Vicente Maldonado, Ecuadoran industry and commerce minister, stated today, referring to Duran-Ballen's request for Dahik's resignation, that "the president and vice president of the Republic will hold a serious, patriotic, and mature conversation to solve the current political situation in the country."

Market 'Breather' Following Acquittal

PY0710033795 Madrid EFE in Spanish
2252 GMT 6 Oct 95

[FBIS Translated Text] Quito, 6 Oct (EFE) — Ecuadoran financial markets took a "breather" today following the outcome of the impeachment proceedings against Vice President Alberto Dahik, conducted from 2 to 6 October, on charges of corruption, proceedings which resulted in his acquittal.

The local currency, the sucre, today gained one point against the dollar. The exchange rate stood at 2,661 sucres to the dollar, seven points above the ceiling the Duran-Ballen administration established for the "band."

Miguel Davila, treasury director of the Ecuadoran Central Bank, told the press that the interbank rate, which has experienced significant fluctuations over the last few weeks, dropped by seven points from 55 percent yesterday to 48 percent today.

Concurrent with the impeachment proceedings against Dahik — as a result of which the vice president was found not guilty — there was a wave of speculation that pushed the dollar value up.

This obliged the Central Bank to intervene in the market on two occasions this week to maintain the exchange rate between the sucre and the dollar.

Jay Juliani, a broker from the Interinvest firm, told EFE that "Dahik's acquittal has eased the pressure on the exchange market, which had driven the rate of exchange between the dollar and the sucre to the 'ceiling of the band.' Hence today's slight decline in the dollar exchange rate and in interest rates."

Commenting on trading on the stock exchange, Juliani pointed out that in fact, "we already knew yesterday that the vice president would be found not guilty"; therefore, "even though quotations did not decline today, trading was not very brisk."

This notwithstanding, he added that in exchange circles, it is estimated that "this uncertainty will persist for some time, even though the worst of the storm seems to be over now."

Ecuadoran President Sixto Duran-Ballen's request for Dahik's resignation is still pending, as is a criminal action against the vice president on charges of having appropriated and siphoned off the state's discretionary funds.

The announcement by the so-called "economic front" of the executive branch that there will be no cabinet reshuffle was received in the stock exchange as "a guarantee."

According to Juliani, the political situation, compounded by the energy crisis that has been hitting the country for more than two months, will adversely affect "Ecuador's economic growth this year, slowing it down to a lower rate than government estimates of 3 percent."

During the impeachment proceedings conducted by Congress, Central Bank Governor Augusto de la Torre had stated that "it is quite difficult to gauge market impact. There are indications showing that the uneasiness reigning on the market is putting pressure on interest rates, which, as a result, may go up," thus having a direct bearing on "investment funds." This, in turn, will "stunt economic growth in the next few years."

In an interview published today, De la Torre acknowledged that "there has been certain pressure on the dollar, which, fortunately, has not been very aggressive." He nonetheless underscored that on 3-4 October, the Central Bank had to intervene in the exchange market by selling assets "in order to maintain the ceiling of the exchange rate band."

The Central Bank governor further stated that the inflow of capital into the country "is less steady than before," although "we have not detected any capital flight."

Monetary Board Chairperson Ana Lucia Armijos stated this morning that political crises "only serve to inflict damage on the economy." She was of the opinion that the increase in interest rates and the slump in short-term investments constitute the most serious adverse effects of this crisis.

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Dahik's Virtues as 'Strategist' Seen

PY0710023295 Quito Voz de los Andes in Spanish 2300 GMT 6 Oct 95

[FBIS Translated Text] Ecuadoran Vice President Alberto Dahik, who was acquitted during congressional impeachment proceedings, is considered one of the best economists in Ecuador and a sagacious politician who knows how to take advantage of adverse situations.

Dahik, 42, is a crafty speaker and a good political strategist who, throughout his career, has faced difficult moments for trying to modernize the Ecuadoran economy.

The vice president is the architect of the market reforms program, and many think it is he who makes the decisions on the government economic policies.

For this reason, he has been an easy target of the criticisms of opposition parties, which hold him responsible for the poverty existing in Ecuador by eliminating subsidies and increasing taxes.

In fact, Dahik is experiencing a low popularity level for giving a personal touch to the macroeconomic reform programs implemented in 1992. These reforms have begun to yield results, with a considerable drop in the inflation rate from 60 percent in 1992 to 25 percent in 1994.

These reforms have allowed the restructuring of the Ecuadoran foreign debt, which, at a given moment, was one of the highest in Latin America, with its gross domestic product and the inflow of foreign investment that helped the economy grow by 4.0 percent in 1994.

During his interviews with the local press, Vice President Dahik, who completed post-graduate studies at Princeton University, talked about the need to reorganize the country out of fear that Ecuador would not be able to board the economic train its neighboring countries have already caught.

But Dahik frequently complained about how the opposition hindered the implementation of the economic reforms program, and sometimes gave examples to the media during off-the-record [preceding three words in English] meetings. During one such meeting with the media, Dahik triggered the corruption scandal that subsequently led to his trial for accusing deputies and judges of constantly blackmailing the government.

The opposition parties, especially the Social Christian Party [PSC], reacted to Dahik's charges by promoting an impeachment process against him which, should he have been found guilty, would have ended with his dismissal. But this did not happen because the vice president of the Republic was acquitted.

Dahik Warns Peruvian Economic Growth Threatens Security

PY0710002395 Madrid EFE in Spanish 0246 GMT 6 Oct 95

[FBIS Translated Text] Quito, 5 Oct (EFE) — Ecuadoran Vice President Alberto Dahik warned today about the fast Peruvian economic growth and what that represents regarding security. In view of this, he made an appeal for national unity in order to reverse the trend and avoid a domestic confrontation.

During the impeachment he is facing in Congress on charges of alleged bribery and crimes against national dignity, Dahik said that "the Peruvian economy is three times stronger than the Ecuadoran, and is growing at a rate of 8 percent per year," compared to the (estimated) 4 percent growth for Ecuador."

Moreover, Dahik added that the Peruvian economic "base" is three times larger than the Ecuadoran, and urged the deputies to "reflect on the meaning of this difference," which is progressively increasing.

Dahik went on to say that "if someone has 100 [not further specified] in capital and invests (to earn interest) at a 4 percent interest rate and somebody else has capital of 300 and invests it at 8 percent interest, I urge you make a simple calculation and see what will happen 10 years later."

Ecuador and Peru waged an undeclared war between 26 January and 28 February in a stretch of land in the Amazon border that lacks landmarks. This was the third significant military clash of the past 50 years.

The vice president added "just look at what is happening and what will happen to our country if we fail to unite in order to grow economically to finance Ecuador's social needs."

Dahik explained that with an economic growth of 8 percent per year, "two percent of that growth can perfectly be earmarked for security, and the remaining 6 percent for social needs."

In Ecuador's case, he said, earmarking two percent of the growth for security means remaining "below the population growth rate" (3 percent per year.)

"Please let us keep an eye on this," he urged, after reiterating his support for "deep-rooted legal reforms, which cannot be carried out without unity and consensus."

He said, however, that in Ecuador "there are those who live from confrontations, who are nourished, grow, blossom, and die in confrontation rather than dialogue and understanding."

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Oil Workers Threaten To Strike If Demands Not Met

PY0710023595 Madrid EFE in Spanish 0034 GMT 6 Oct 95

[FBIS Translated Text] Quito, 5 Oct (EFE) — The Ecuadoran oil workers today announced an indefinite strike as of 17 October if the government does not pay heed to their demands to suspend the privatization process and dismiss Galo Abril, energy and mines minister.

The demonstrations will start on Tuesday, when oil workers and leaders will chain themselves to the oil plants in Ecuador. This information was given to EFE by Henry Yanez, secretary general of the Ecuadoran State Petroleum Enterprise (Petroecuador) labor union.

Yanez added that "if the government accepts our demands, the strike will be suspended; if not, on 17 October we will start an indefinite strike" that will entail "the suspension of all activities in the Ecuadoran oil industry."

The decision, taken by the labor unions throughout the country, was ratified today by the convention of leaders in Libertad, Guayas Province.

Yanez said that the oil workers have demanded "the halting of the privatization policy for the country's oil industry," and called for the dismissal of the energy and mines minister "for being responsible for the decline of Petroecuador and its branches."

The union leader insisted that "we are strongly against granting the concession and operation of the oil pipeline to the private sector," for which two international consortiums with an investment of $600 million are competing.

Yanes also said that "they do not accept the privatization of the Libertad oil refining plant, the second largest in the country, and the oil fields that are considered marginal, or of declining production [terminales], and polyducts [poliducts], which the government intends to hand over to multinational enterprises."

On 13 July the workers of the Ecuadoran energy field started an indefinite strike to demand restoral of their right to become organized in unions, to strike in public enterprises, and to protest the privatization of this sector.

The strike, which only lasted one day until Congress reviewed the workers' right to become organized in unions and rejected the privatizati of strategic sectors, had a great impact on the coun because the fuel reserves dropped significantly.

In Ecuador, oil accounts for $1 of every $3 of exported goods and it finances half of the fiscal budget.

Peru

Fujimori, Cordova Welcome Visiting Chinese Premier

PY1010000795 Lima Radio Programas del Peru Network in Spanish 2210 GMT 9 Oct 95

[FBIS Translated Text] President Alberto Fujimori and Peruvian Prime Minister Dante Cordova Blanco welcomed Chinese Premier Li Peng after his arrival at the Group 8 Air Force Base today. Li Peng arrived on an official four-day visit.

Li Peng, accompanied by his wife, Zhu Lin, was welcomed with the honors accorded to a head of state. A Peruvian Air Force band played the PRC and Peruvian national anthems.

Also present to welcome the Chinese premier at the Group 8 Air Force Base were Foreign Minister Francisco Tudela, Defense Minister Victor Malca Villanueva, Health Minister Eduardo Yong, and Labor Minister Sandro Fuentes.

The following is a relay by Patricia Etchegaray:

[Etchegaray] Here are more details on Premier Li Peng's visit. Li Peng arrived on his first official visit to Peru. He is visiting Peru with his wife, Zhu Lin, members of the State Council, and PRC businessmen.

President Fujimori and Prime Minister Cordova welcomed Li Peng and his entourage at the Group 8 Air Force Base.

After the playing of the Peruvian and PRC national anthems, Fujimori and Li Peng reviewed the troops. This was followed by a protocol greeting ceremony which was attended by Defense Minister Victor Malca; Presidency Minister Manuel Vara Ochoa; Health Minister Eduaro Yong; Industry Minister Liliana Canale; Labor Minister Sandro Fuentes; Foreign Minister Francisco Tudela; and General Nicolas de Bari Hermoza Rios, chairman of the Armed Forces joint command.

After his arrival, Premier Li Peng handed to the press the translation of a statement, which he issued on the occasion of his first visit to Peru.

In this statement, Li Peng states that the PRC Government cherishes Sino-Peruvian friendship and accords great importance to the development of bilateral ties.

Li Peng's visit seeks to strengthen high-ranking ties and to increase reciprocal information by promoting friendship and expanding cooperation for the benefit

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of the two countries through the increase of ties at all levels.

At 1920 tonight during a ceremony at government house, Fujimori will award Li Peng the Grand Cross of the Sol del Peru Order.

Strike Over Salaries; Courts 'Virtually Paralyzed'

PY1010010095 Madrid EFE in Spanish 1953 GMT 6 Oct 95

[FBIS Translated Text] Lima, 6 Oct (EFE) — The administration of justice in Peru was virtually paralyzed today after judges and court employees declared a strike to demand better salaries.

According to a judge who said that the administration is violating Peruvian laws on salaries for Judicial Branch employees, this indefinite strike was an unexpected decision. He added that the judges decided to strike as "a last resort."

Before going on strike, judges and state attorneys staged a "Japanese-style strike," during which they worked without interruption from 8 AM until midnight to draw the people's attention to their demands.

Supreme Court President Moises Pantoja today toured the different court buildings in Lima. He was able to confirm that activities in Lima courthouses are almost completely paralyzed.

Pantoja has requested an urgent meeting with Economy Minister Jorge Camet to find a solution to the problem.

Communique Reports Arrest of SL, MRTA Terrorists

PY1010005795 Lima Radio Programas del Peru Network in Spanish 2215 GMT 9 Oct 95

[FBIS Translated Text] The Northern Region Security Command has reported that seven Shining Path [SL] terrorists and one Tupac Amaru Revolutionary Movement [MRTA] terrorist were captured in Ancash, La Libertad, and Piura Departments.

A Defense Ministry communique reports that those arrested have been identified as Nilo Quesada Lopez, Aristoteles Pinedo Maximo, Cipriano Flores Cuevas, Matilde Piquillahuanca, Marina Paico Cuevas, Benancio Parra Cruz, Duber Sanchez Calvay, and William Rojas Reyes.

Uruguay

Article Previews Fidel Castro's Visit

PY1010014795 Montevideo EL OBSERVADOR in Spanish 28 Sep 95 pp 3, 4

[Article by A. Alfonso and P. Larrosa]

[FBIS Translated Text] High-ranking government sources have told EL OBSERVADOR that Uruguayan President Julio Maria Sanguinetti has invited his Cuban counterpart, Fidel Castro, to visit our country because he is convinced that "the blockade policy has been useless and has merely served to reinforce positions" and that it is necessary to achieve "an opening."

Sanguinetti's decision to dynamically "contribute" to the "development of" this type of "policy" has been described by the Cuban Foreign Ministry as "a significant and brave sign" by the Uruguayan president, "who is well-known internationally and is viewed in Latin America as an outstanding statesman."

Castro's 36-hour visit to Uruguay on 13 October will be his second visit to our country after 36 years and his first visit to a Latin American country after more than 20 years, as an official guest. Sanguinetti's decision has been supported by nearly all the political parties of our country.

Official sources have emphasized that the Cuban situation "represents a recurring problem on the Latin American and international agenda."

They underscored that Uruguay considers it sensible to "have and to further an active foreign policy."

The same sources recalled that Uruguay maintains diplomatic relations with the PRC and that the Chinese president made a state visit to Uruguay during the administration of [former President Luis Alberto] Lacalle. They adduced that in the post-Berlin Wall world," the United States opened an embassy in Vietnam.

They pointed out that Uruguay's reputation for being a democratic and peaceful country" is a great "asset" to the country. They stressed that "there is no reason for a self-imposed marginalization on the grounds that Uruguay has no clout or importance to make its voice heard." On the contrary, they argued, "it must shape the course of events whenever it is in a position to do so." "There are many things Uruguay can do concerning foreign policy," the sources added.

The Sanguinetti administration is of the opinion that "the embargo policy has proven to be a failure as it has only served to strengthen the regime and to make it more set in its ideas." The same sources explained that this is

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why it was decided to contribute "to the development of policies in the Americas that may contribute" to achieve a political opening on the Caribbean island.

The same sources recalled that U.S. President Bill Clinton "is in favor of that opening" despite the fact that there are "opposing views" among some members of the U.S. Congress. These sources proposed "opening as many channels as possible to engage in dialogue."

They stated that Castro's visit "does not harm" the Uruguayan Government "in the least," adding that "one has to bear in mind what happened in Eastern Europe." "How did it achieve opening? Did Pope John Paul II travel to Poland to endorse the Polish regime or to seek an opening? An opening drive can only be achieved by opening up the country," the same sources contended.

The Cuban Government, in turn, characterized Sanguinetti's resumption of diplomatic relations shortly after democracy was reinstalled in the country in 1985 as "very positive."

The official sources said that Castro and Sanguinetti "maintain very good, very casual, personal relations" and confirmed that the invitation was a "personal decision" of the Uruguayan president.

The Cuban Foreign Ministry, through the Cuban Embassy in Uruguay, noted that another positive item was that "almost no negative reactions were registered" after the invitation was made public.

The sources said that Castro's visit to Uruguay was already "being negotiated" before Foreign Relations Under Secretary Carlos Perez del Castillo traveled to the island at the beginning of the month. On that occasion the under secretary had lunch with the Cuban president and formally handed him the invitation to visit Uruguay.

The two countries' negotiators agreed to keep Castro's visit confidential until it was "pertinent" to make the official announcement. According to the Uruguayan Government, the visit was kept confidential for reasons of "opportunity" while the Cuban Government said it was for "security" reasons.

Strict Protocol and Security

Castro's agenda does not include meetings with the leaders of the country's different political forces, but they and Castro will "be in the same places" during Castro's visit to the country, which will be kept strictly "according to protocol," the sources said.

The agenda has not been drafted yet, but both governments agreed that once it was determined it would not be modified.

The Broad Front has announced that it will convene its followers to receive Castro at the Carrasco Airport and accompany him during the ceremonies in front of the Jose Marti and Jose Gervasio Artigas monuments.

Very important security measures will be in place during the Cuban leader's visit. Uruguayan and Cuban sources have confirmed that Cuban Government officials are already working on security measures that will be in effect during Castro's stay in Uruguay.

The Uruguayan Government is responsible for Castro's security, but special Cuban Government agents will also guard the Cuban leader.

"Fidel (Castro) has survived more than 250 conspiracies against his life. Many frustrated attacks were aborted before they could be carried out," the sources said, adding "it is not us who say it. The fact is mentioned in the U.S. congressional files on CIA secret activities." The sources ruled out any CIA operation, but stressed that there is a "hostile" climate in Miami where "people are even talking publicly about the possibility of killing Castro."

Abreu Stressed Uruguay's "Consistency"

Former Foreign Minister Sergio Abreu stressed Uruguay's "consistency" when opposing the embargo against Cuba "in a very strict interpretation of the principle of nonintervention." Abreu characterized the visit of the president of a country with which Uruguay has diplomatic and trade relations as "perfectly normal."

Abreu visited Cuba nearly two months ago. On that occasion Cuban Government officials thanked him for the Lacalle administration's position on the U.S. embargo, Cuban Foreign Ministry sources told EL OBSERVADOR.

"We decided to maintain diplomatic relations with this country, and it does not make political sense to create hurdles which make those relations more difficult," Abreu said.

The former foreign official said: "One thing is what we might think about Cuba's political situation" and "another totally different thing is the respect for the principles of international law." Abreu recalled that Uruguayan foreign policies are state policies stressing that, for the country, "it is very important to preserve the principles of nonintervention and self-determination."

Debate on the Helms-Burton Law

At the beginning of June the Chamber of Deputies got involved in a heated debate on Cuba's political situation and Fidel Castro's leadership. On that occasion the House passed a resolution supporting a Foreign

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Ministry note rejecting the Helms-Burton Law by which the United States tightened its embargo on the island.

The discussion derived from a proposal made Deputy Daniel Corbo, of the Hands to Work faction, praising the "state policy" implemented by Uruguay.

During the debate, Cruzade 94, Colorado, Batlleist, and Herreraist faction legislators had harsh exchanges with Broad Front legislators.

Those who criticized Castro insisted that his government was a dictatorship, mentioning a list of human rights violations. Broad Front legislators, meanwhile, stressed the consequences of the lengthy embargo on the island, stressing Cuba's achievements in areas such as health and education.

Debt

Cuba will be able to pay off part of its $35 million debt with Uruguay by dredging the Port of Montevideo and other ports "where public bidding is not required," Foreign Ministry sources told EL OBSERVADOR. Uruguay will also accept the delivery of 90,000 doses of Hepatitis-B vaccines "worth $600,000." Finally, Uruguay might accept payments of sugar, "but for the moment, Cuba does not have any surplus." Another item that could enter the negotiations could be tourism. Uruguay did not establish conditions for payment, but it is waiting for signs from Cuba.

International Affairs Committee Members Opinions

[EL OBSERVADOR] What do you think of Castro's visit?

[Carlos Baraibar, Artigas and Unity faction] It is a gesture of autonomy in the design and implementation of the country's foreign policy that deserves our support. It is one more expression in a broad field of foreign policy agreements that allows us to affirm that there is a state policy.

[Jorge Machinena, Hands to Work faction] Our country has diplomatic and trade relations with Cuba despite our well-known ideological differences. We think Cuba's isolation has been counterproductive for an authentic democratic opening.

[Jorge Pacheco Klein of the Colorado and Batlleist Union] Who are we to question the guests that the government wishes to invite? Nevertheless, we reject Castro's presence without positioning ourselves in an absurd dogmatic or antagonistic role.

[Yamandu Fau, Party of the Government by the People] It is a mature and intelligent decision of the president of the Republic. Ideology has nothing to do with it. We have substantial differences with the Cuban regime. Those blockading and isolating Cuba do not achieve anything but to force the regime to become more radical and postpone any opening initiative.

[Arturo Heber, Hands to Work faction] If we analyze the situation considering only our diplomatic relations the visit is within the framework of common relations between states. But we cannot ignore a political reality that deserves to be condemned: Castro represents an authoritarian regime.

[Rafael Michelini, New Sector Coalition] We reject any kind of blockade of Cuba. We are convinced democracy is the best system for peaceful coexistence. We insist on our demand that all political prisoners be liberated.

[Reinaldo Gargano, Socialist Party] It is time to deepen our two countries' open political dialogue in order to contribute to strengthen the principles of self-determination and respect for international law.

[Sergio Chiesa, National Party] His visit might be the first step for Cuba's reinsertion in the Latin American community. It will give the two presidents an opportunity for a frank and broad dialogue, always within the framework of mutual respect.

[Yolanda Betancour, Cruzade 94 faction] We cannot help but feel displeasure at his visit considering that he is the oldest dictator, that he has imposed the totalitarian regime of the defunct world of Marxism-Leninism in his country, that he has deprived his nation of the supreme democratic right to vote and elect its leaders, and that he prevented the creation of political parties and the free expression of ideas.

[Juan Singer, List 15 faction] We have full diplomatic relations with Cuba and to be realistic, Castro's visit to our country must be considered a positive factor. The Sanguinetti-Castro meeting will have good consequences for our bilateral relations as well as for the evolution of the Cuban situation itself.

[Gustavo Pe..ades, Herreraist faction] The Herreraist faction has not set its position with respect to Castro's visit but on the economic blockade and the principle of noninterference we maintain the same position we had when we were in power. We demand the implementation of democracy and respect for human rights. His visit will not serve any purpose unless some positions are modified. For all political groups, Castro is a figure extracted from Jurassic Park, except for those who continue living in the 1950's.

[Carlos Julio Pereyra, Rocha Movement] The executive branch has exercised its prerogative when making the invitation. He is the head of government of a country with which we maintain diplomatic relations, regardless

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of anyone's opinion on the current Cuban regime. The visit is within the rules of the game between states.

Reasons for Castro's Visit Said Not Understood

PY0910131995 Montevideo EL PAIS in Spanish 1 Oct 95 p 6

[Editorial by Washington Beltran: "We Do Not Understand"]

[FBIS Translated Text] Yes, it is true. We cannot find a legitimate explanation for the government wanting to invite Fidel Castro to visit our country by taking advantage of his trip to Bariloche [Argentina] to participate in the summit of Latin American presidents. Going further with this opinion, we could say that the decision is, in essence, a bad one pernicious in scope, and if it has an international dimension, then an unfortunate step has been taken.

In this case, we cannot appeal to the distinguished, although controversial, assertion of Max Weber, in other words, the ethics of conviction, which is based strictly on principles, the truth, and on the ethics of responsibility that are imposed on the man of action. In this case the man of action is the politician, who, when faced with a political situation, must reconcile his comportment with his convictions by taking into account the outcome or the results that are desired. One cannot resort to the latter because the trade agreements with Cuba, which we signed during Sanguinetti's previous administration, ended in the disaster of a nonexistent trade exchange and a hole in Uruguay's coffers that has never been filled.

One cannot draw on the argument of the changes that are being made due to the failure of the policy that had been imposed by the Cuban Government, which has now decided to leave behind an asphyxiating state intervention in the economic sector to increasingly embark upon a market economy. This change began with the authorization to use the execrable dollar, and it continued with, among other things, the recognition of the legitimacy of the small enterprise and with the desperate call for foreign investors that has culminated in the recent law allowing foreign investors to contribute up to 49 percent of an enterprise's capital. The fashion of anticapitalism has definitely been left in the past.

But we repeat, we consider that this argument of changes in economic policy that can be observed today in Cuba is not valid, because it is not the old economic policy, which we do not agree with and which is now molding and mildewing, that radically distanced us from Castro's system.

The big difference is a conceptual confrontation in a field where there can be no transactions. We are a democracy. Fidel is a callous and cold-blooded dictator. For us, man is a value in and of himself, a leading and indivisible being upon whose eminent and sovereign dignity our philosophy of life is established. But, for Castroism, as a totalitarian concept, man is only a peg in the state machinery, one who has had his freedom taken from him, who lacks rights, a man who is naked and defenseless in the face of the injustice that oppresses him, the arbitrariness that is his mantle, and the excesses that weigh him down. It is this vilification of the human being, converted into the essence of the system, that fires our aversion.

Some have adduced, as a mea culpa, the fact that we maintain diplomatic relations with the island's government and that the consequence of these ties is that of justifying the presence amongst us of the head of that government.

Due to the development of communications, today's world is one gigantic neighborhood, because, and this was noted by Toynbee, all countries border on each other. Under these conditions, the relationship turns into a rule without exceptions. The circumstantial relationship to which we are referring integrates itself with a flow of various currents between one country and another: Trade, administrative, and diplomatic currents, among others. We wish to point out that we are not defending Cuba's economic isolation. Not so long ago, we published an editorial condemning the U.S. embargo, a measure that we consider to be foolish and unskillful, that has led us to believe that the United States, despite its aggressiveness where Castroism is concerned, is fearful that the government will fall. For then it would have to cooperate in the reconstruction of a very deteriorated economy whose situation, in the words of Vargas Llosa, would "dwarf the tenebrous cases of East Germany or of Russia itself."

But, the relationship with a country such as we have referred to does not lead inexorably to the gratifying acknowledgment of its head of state. Castro is coming as a special guest of our government. He will step out of the plane in Carrasco as a guest, an official guest. And our authorities will be there, swarming around him. The music of the national anthem, the waving of our flags, and the review of our Armed Forces will greet him. The pompousness and solemnity of a government reception will accompany him throughout his stay. His arrival and presence will be meticulously transmitted to the world, which will thus observe how this small but great country that is imbued with the prestige of its democracy and civic maturity will decorate, with the honors that are

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part and parcel of that type of ceremony, one of the most sinister heads of state of this century.

As Revel says very well in his work "The Democratic Rebirth," while no democracy honored Franco, Pinochet, or Stroessner with an invitation, the participation of Fidel Castro in several Latin American summits reflects, not a realistic conclusion, but "the persistence of one of the most nauseating ideological residues of the political culture of the 20th century; the bonus that is granted leftist dictators who continue on, it seems, no matter what their crimes."

We, for our part, make the following observation: We have always highlighted the forceful expertise of communist propaganda, a not so surprising expertise because its inspiration was nurtured on and by totalitarian methods — those of Nazism. Goebbels was the common mentor. And Marxist propaganda always sought, as one of the dearest results of its activity, to have people differentiate the extreme leftist dictatorships from the extreme rightist ones. It sought to make people forget that the two dictatorships were Siamese twins, because the objective, the humiliation of the person, identified them. Thus it was necessary to convince people that they were different from each other: The one offered the entrapping face of free and just modernity, the other the face of maximum degradation. This mortal and lying propaganda has finally triumphed. Not in a corporate manner, but as a unilateral decision, we Uruguayans support that sector which believes there are two classes of despotism: One that merits an affable demeanor, and another that should be rejected because it can contaminate, like the plague. Thus, the noxious old saying: "The good despot" is reborn, with another type of perspective.

Cuban Envoy: Possible Allowance of Political Opposition

PY1010023995 Buenos Aires TELAM in Spanish 1918 GMT 8 Oct 95

[FBIS Translated Text] Montevideo, 8 Oct (TELAM-SNI) — Cuban Ambassador to Uruguay Manuel Aguilera today told the Uruguayan press that there is a possibility that his country will permit the activity of opposition political parties.

Aguilera is organizing the visit of Cuban President Fidel Castro to the Uruguayan capital. He said that the issue of political opposition in Cuba "is not taboo or forbidden" because "no dogma says that there must be a single party."

Castro will arrive in Uruguay on 13 October for an official 36-hour "stopover" in the country before leaving for the Ibero-American Heads of State Summit in the Argentine city of Bariloche.

Aguilera told Uruguayan journalists that the change in Cuban internal policies depends on external conditions, that is, "the end of U.S. hostilities against Cuba."

Aguilera said as long as the United States continues "encouraging and using that false opposition for terrorist purposes" it will be difficult to have free opposition political parties, adding that in some cases that "will be altogether not possible."

Castro's visit to Uruguay provoked numerous negative reactions. Analysts speculate how Julio Maria Sanguinetti, who invited Castro to Uruguay, can profit from the visit.

Castro and entourage will arrive at 1900 on 13 October and will stay in a luxurious hotel used only by executives and located in an exclusive neighborhood in Montevideo.

The Cuban president will be received by Foreign Minister Alvaro Ramos at the Carrasco International Airport.

Later Castro will meet with Sanguinetti at the official residence and at night he will participate in a reception that will be attended by only 110 invited guests.

Uruguay Armed Forces commanders will not participate in the reception. They were not invited because the presence of the Cuban leader "is a sensitive issue" for the military, who fought the leftist guerrilla movement Tupamaros.

Former Presidents Jorge Pacheco Areco and Luis Alberto Lacalle will not attend the reception in Castro's honor either. On 14 October Castro will visit the Congress and will participate in a special session of both chambers.

Editorial Assesses Fidel Castro's Upcoming Visit

PY0710024995 Montevideo LA MANANA in Spanish 30 Sep 95 p 4

[Editorial: "Mr. Fidel Castro's Visit"]

[FBIS Translated Text] Fidel Castro will be visiting Uruguay for just a few hours next month. This controversial figure of our times who has been ruling Cuba with absolute power for 36 uninterrupted years is the holder of a veritable record even for the regime to which he belongs and with which he proudly identifies himself; namely, totalitarianism.

There is no need for us to voice from this column our total disagreement with the principles, values, and behavior of Mr. Castro, who, far from being a cohesive factor for bringing unity among his people, has — together with his relatives and tropical staff — exploited

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dissension and intolerance to high-handedly perpetrate himself in power for so many years. Still, the Cuban leader, who is the head of a government with which we maintain full diplomatic relations, will be Uruguay's guest during the state visit he will make to our country.

Incidentally, the Castro who will visit us is not the haughty, self-important Castro who thought he knew all the answers and delighted the intellectuals of the Americas while becoming, in practice, the despicable advocate of the expansionist and oppressive policy pursued by the Marxist imperialism headquartered in Moscow — the most obsequious "Gurkha" of Soviet expansionism, as he was dubbed on more than one occasion at UN general assemblies.

Castro is at present the image of a vanquished regime, of a betrayed and subverted revolution, of a country bereft of hope, of a nation reduced to beggary which has not hesitated to cast off decades of preaching and practice in order to conform to the winds of change that have swept the entire world since the crumbling of the Berlin Wall — five years ago - which brought in its wake the end of the downright falsehood of "real socialism." Castro's regime no longer has at its disposal those generous funds and strong ruble to, intellectually or in practice, foster subversion and an authoritarian militarism that crushed democracy and condemned many peoples of the hemisphere to live under bloody dictatorships deprived of all their rights. Nor are there the funds to engage in forays in other continents with no other consideration than to cover himself with glory in battle and to please his masters and sponsors.

This notwithstanding, our task — and that of all those who believe in freedom — is to encourage and safeguard any ray of hope, however faint it may be, of reestablishing democracy in Cuba and the basic rights of the individual in a not so distant future. And something to that effect is what, much to Castro's regret, is happening at the moment in Cuba, which, in bygone days, used to be the pearl of the Spanish conquest. The hasty and indiscriminate opening of the Cuban economy to foreign capital; the despair of thousands of raft people who have ventured into the seas in shaky boats in search of dignity and tolerance; the promotion of tourism, an important source of hard currency, which turns Cubans into foreigners in their own country, constitute some of the symptoms of the seriousness of the situation confronting the Caribbean island. Nevertheless, the recent history of the world indicates that, invariably, all those financially asphyxiated de facto regimes that embark on an opening drive — however gradual and cautious that drive may be — end up being engulfed by the winds of change.

The problem facing Cuba and Fidel at this juncture — leaving aside the shortsightedness of U.S. foreign policy (for domestic consumption) — is not the dictator's downfall or the wish to strangle the long-suffering Cuban people, but rather to assure a perceivable, smooth, and correct transition while totalitarianism continues to agonizingly languish on the island on account of its own contradictions. The image of the barbarian leader, after being in power for 36 years, is not that of a man satisfied with himself or who finds himself in a position to enjoy the wisdom years confer or to contemplate the maturity of a finished work that is actually working. It is, rather, totally the opposite.

Castro's political speeches no longer move anybody, his powers of oratory no longer draw masses, and the content of his speeches has become stale. On May Day, Havana dwellers prefer to stroll around on the pier. Using the language of the new generations, we will be playing host to an aged representative of a phenomenon that "is ancient history now."

Welcome, Mr. Castro, to Uruguay, land of freedom and tolerance. We would also like to express our deep solidarity with our brothers, the Cubans, who are struggling to recover the dignity of which they were stripped and robbed several decades ago.

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